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Supreme Court of the United States

OCTOBER TERM 1961

No. 221

FILENE'S,
PETITIONER,

v.

ALAMANCE INDUSTRIES, INC., ET AL.,
RESPONDENTS.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

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No.

FILENE'S,
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v.

ALAMANCE INDUSTRIES, INC., ET AL.,
RESPONDENTS.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the First Circuit entered in the above entitled case on May 24, 1961.

Opinions Below

The District Court gave no opinion. Its findings of fact and conclusions of law appear in the Joint Record Appendix* (J.R.A. 123-144).

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* Citations to the record below are *J.R.A.* for reference to the Joint Record Appendix; matters appearing in the Supplemental Record Appendix below, now appear in the appendix to this petition and are cited *App.* as are other matters appearing therein.

The opinion of the Court of Appeals is reported at 129 USPQ 298, and is printed herewith in the Appendix (App. A2-A11).

Jurisdiction

The judgment of the Court of Appeals was entered on May 24, 1961 (App. A11).

The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

Questions Presented

1. May a patentee properly be permitted to dismiss his infringement suit, after a trial date has been set, on terms and conditions which adequately protect neither the defendant, its privies, nor the public, when the suit was filed as part of a preconceived plan to harass and intimidate an entire industry, despite the fact that the patentees had reason to know of the patent's invalidity, and was designed to produce an illegal *de facto* monopoly?

2. Did the Court of Appeals improperly usurp judicial power vested by the Federal Rules of Civil Procedure in the District Court by, first finding that the District Court had failed to exercise discretion in ruling on a motion presented to it and denied by it three times, and by then substituting its own discretion for that of the District Court rather than remanding the matter to the District Court for an initial exercise of discretion?

Statutes Involved

The statutory provisions involved are 28 U.S.C. §2106, 62 Stat. 963 and 28 U.S.C. §2111, 63 Stat. 105.

The rules of procedure involved are Rule 41(a)(2) and Rule 61 of the Federal Rules of Civil Procedure.

The statutes and the rules involved are reprinted in the Appendix (App. A12-A13).

Statement

Respondents brought this action on July 23, 1959,[1] in the District of Massachusetts against Filene's, a retail store, for infringement of their "Bird et al" or "Supp-Hose" Patent 2,841,971 relating to so-called "compressive" or "support" stockings made of nylon. Federal jurisdiction was based on 28 U.S.C. §1338(a). Petitioner was and is openly defended in this action by its indemnitors, Manchester Hosiery Mills of New Hampshire and Burlington Industries, Inc. of North Carolina, which companies have no connection with each other.[2]

This action was brought seven months after the filing on December 18, 1958[3] of a declaratory judgment suit for invalidity of the patent in the Middle District of North Carolina by petitioner's indemnitor Burlington Industries, Inc. and others, *not* including Manchester Hosiery Mills.[4] Such suit was brought only after respondents had mailed hundreds of letters to retailers and jobbers threatening infringement suits against those who sold the products of the plaintiffs therein, but had failed to sue anyone.[5] In fact there was no intent on the part of respondents to sue manufacturers for infringement, but rather the stores.[6]

Still later, on November 2, 1959, respondents filed six additional infringement actions against retailers and job-

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[1] J.R.A. 1.
[2] J.R.A. 43, 87, 88, 91, 102, 120-1, 172, 313-317; App. A5-A6, A28-A31
[3] J.R.A. 30
[4] IBID
[5] J.R.A. 54-84, 292, 300
[6] J.R.A. 73

bers, indemnitees of Burlington, from Boston to Seattle (including R. H. Macy, Gimbel Bros., and Gold Medal Hosiery Co.,* all in New York, the Bon Marche Stores* in Seattle, Washington, L. S. Donaldson Stores in Minnesota, and H. Glaser & Son, a wholesaler, in Massachusetts[7]). These seven suits, including the instant one, were filed *in terrorem* in a deliberate attempt to harass the industry and to achieve maximum interference with the business of petitioner's indemnitors.[8]

After nearly fourteen months during which respondents had done nothing by way of prosecuting the present case which they had brought, petitioner requested a pretrial conference and assignment for trial.[9] Respondents thereupon moved to stay, pending disposition of the North Carolina litigation.[10] Hearing on this motion and a pretrial hearing were held on September 15, 1960, at which time Judge Wyzanski, after hearing arguments stated his understanding of the case, i.e., that it had been pending for a long time and that it operated as a cloud over the industry.[11] He then set trial for 60 days hence and refused to permit respondents to dismiss without prejudice, as their counsel suggested they would do. He offered to permit a dismissal with prejudice.[12] At this hearing petitioner conceded** in-

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* On the basis of the instant case and the decision of the North Carolina Court, summary judgments were granted for the defendants in the *Gold Medal* and *Bon Marche* cases. The former is reported at 129 U.S.P.Q. 219.

** The concession was in terms limited to Claim 1 of the patent, but as a practical matter, it removed this issue from the case. No evidence to show non-infringement was introduced by petitioner at the trial.

[7] J.R.A. 59

[8] Finding 6, et seq., J.R.A. 125, 144, See App. A6

[9] J.R.A. 26-27

[10] J.R.A. 27-28

[11] J.R.A. 159

[12] J.R.A. 159-160

fringement, thus leaving the question of validity to be tried, a matter for which respondents had prepared in the North Carolina case.[13]

Subsequently, on September 27, 1960, respondents filed a motion to dismiss the case with a covenant never again to sue Filene's for infringement of the patent in question, but in the letter accompanying the motion respondents expressly disclaimed any intent to dismiss with prejudice.[14] Petitioner filed affidavits in the District Court tending to show if not proving that respondents had inaccurately presented to the North Carolina court, the proceedings which had occurred in the instant case before Judge Wyzanski, and establishing that respondents had filed the instant case as part of a preconceived plan to harass the industry.[15] Counter-affidavits of respondents did not contradict these facts but rather showed that respondents were in fact prepared for a trial on the issue of validity.[16]

At the hearing on this motion to dismiss on October 4th, Judge Wyzanski indicated twice that he had read the affidavits and memoranda submitted by both parties demonstrating the harassing and *in terrorem* purpose and character of this and the other customer suits.[17] After hearing argument the judge reaffirmed his ruling of September 16th that he would permit only a dismissal with prejudice, and he denied the motion since it did not comply with his earlier ruling, even though at the hearing the terms offered were broadened to include attorneys' fees and costs.[18]

Subsequently, a motion by new counsel for respondents to stay was heard and denied. On the day set for trial, November 14, 1960, a further motion to dismiss without

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[13] J.R.A. 161-162
[14] J.R.A. 43-45
[15] J.R.A. 46-53; 54-84
[16] J.R.A. 93-113
[17] J.R.A. 165
[18] J.R.A. 167-168

prejudice was heard, together with a motion to dismiss on such terms and conditions "as the court may properly determine." The judge denied the former motion and he expressly failed to act at that time on the latter motion, which failed to specify any of the terms or conditions sought. Thereupon the new counsel for respondents attempted unsuccessfully to withdraw his appearance.[19] On November 15 the case was called for trial and the respondents remained mute, refusing to offer any evidence,[20] whereupon the petitioner presented its case, including evidence that during the prosecution of the patent respondents had failed to cite to the Patent Office the earlier Burlington stocking as prior art,[21] although they knew full well it was more pertinent than anything cited by the Patent Office,[22] and they understood the effect of this conduct on the validity of the patent.[23] At a later date the judge filed comprehensive findings of fact and conclusions of law, which had been, pursuant to his instructions, prepared by petitioner and, prior to filing, served upon respondents. *Inter alia*, he held the patent invalid for want of invention, that the respondents had harassed petitioner and that they had abused the process of the court.[24] On December 3, 1960, judgment was entered for petitioner dismissing the case, and awarding costs and attorneys' fees.[25]*

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* On February 10, 1961 findings of fact and conclusions of law, and an opinion were filed in the North Carolina declaratory judgment suit holding the same patent, as that involved here, invalid for concealment from the Patent Office. The opinion is reported at 191 F.Supp. 652. (That case is presently on appeal in the Fourth Circuit.)

[19] J.R.A. 178

[20] J.R.A. 183

[21] J.R.A. 138

[22] J.R.A. 138, 255, 262-5, 295-7

[23] J.R.A. 240-250, 255, 257-8, 305

[24] J.R.A. 123-144

[25] J.R.A. 144-145

On April 5, 1961, the appeal was heard.[26] The Court of Appeals on May 24, 1961, per Aldrich, C.J., ordered a judgment vacating the findings and judgment of the District Court and ordering the District Court to dismiss the case if within thirty days the respondents should renew their motion, on the conditions that no further action be brought against Filene's, that respondents agree with petitioner's indemnitor, Manchester, to be mutually bound by the outcome of the North Carolina litigation should Manchester so desire, and that respondents assist the indemnitor Manchester's intervention in such litigation should Manchester so desire.[27]

The Court of Appeals held, only on the basis of Judge Wyzanski's remarks at the hearing, that he exercised no new discretion on October 4, 1960, on respondents' motion to dismiss on terms and conditions. It therefore refused to consider the record before Judge Wyzanski on October 4th, and considered his ruling on that motion only in the light of the record of September 16.[28] The Court then held that in such light it was an abuse of discretion to refuse to dismiss on the terms respondents offered on October 4. The Court of Appeals further ruled that even if the judge exercised discretion on October 4, his reasons for refusing to permit a dismissal were inadequate.[29]

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[26] App. A1
[27] App. A11
[28] App. A7
[29] App. A10

Reasons for Granting the Writ

1. The petition brings before the Court an important question of federal procedure which has not been, but which should be, settled by this Court. The decision below not only permits but encourages patent owners to use their patents to restrain trade in a manner not contemplated by the Patent Statutes and, in principle, in conflict with the applicable decisions of this Court.

The decision stands for the principle that patentees may, after issue joined in a prior filed suit involving manufacturers, file, in bad faith, numerous customer infringement suits *solely* for the purpose of harassing an entire industry and by the *in terrorem* effect gain a *de facto* monopoly, and then discontinue any harassing suit when called for trial in a supposedly unfavorable jurisdiction.

The decision approves an abuse of the patent monopoly, though of a somewhat different kind, no less undesirable than its extension to unpatented components, (*Mercoid Corp.* v. *Mid-Continent Co.*, 320 U.S. 661) or materials (*Morton Salt Co.* v. *G. S. Suppiger*, 314 U.S. 488) or to price fixing (*U.S.* v. *Line Material Co.*, 333 U.S. 287), which have been condemned by this Court.

Moreover, the ruling is inconsistent with the policy of Rule 41(a)(2) F.R.C.P., limiting the right to dismiss after an answer has been filed.

Whatever else is to be said as to broadcasting threats and bringing numerous harassing customer suits, such conduct should be subject at the very least to the penalty that, if any such suit is called for trial, the court should be able to insist upon trial over the *plaintiff's objection*, and to adjudicate the validity of the patent.

2. The Court of Appeals usurped judicial power in a way that calls for the exercise of this Court's power of supervision over the lower federal courts.

Although the Court of Appeals found that the District Court had not exercised its discretion in denying plaintiff's motion to dismiss on terms and conditions, it nevertheless substituted its own discretion and directed in detail the action that should be taken, complete to the setting of terms and conditions at variance from anything suggested in respondents' motion. This action was in conflict with the Federal Rules of Civil Procedure, which "govern the procedure in the United States *district* courts" (Rule 1) and which expressly provide that in the circumstances here relevant "an action shall not be dismissed at the plaintiff's instance save upon order of the court and upon such terms and conditions as the court deems proper." Rule 41(a)(2). The right to exercise discretion in the first instance thus reposes in the District Court. In depriving it of this right, on its own finding of non-exercise, the Court of Appeals acted in conflict with the Federal Rules, and with the fundamental principles enforced by this Court in *Cone* v. *West Virginia Paper Co.*, 330 U.S. 212, 218 (1947), and with decisions in other Courts of Appeals such as *Stafford* v. *Russell*, 220 F.2d 853 (9 Cir. 1955). In *Cone*, respondent had failed to move for judgment n.o.v. in the District Court, thus depriving that court of the opportunity to exercise its discretion as to whether to grant such a motion or grant a new trial. The Court of Appeals nevertheless directed entry of judgment for respondent. In reversing, this Court held (p. 218):

> "In the absence of such a motion, we think the appellate court was without power to direct the District Court to enter judgment contrary to the one it had permitted to stand."

In answer to respondent's argument that affidavits respecting new trial might have been presented by petitioner to the Court of Appeals, this Court said (p. 218):

> "[This] would present the question initially to the appellate court when the primary discretionary responsibility for its decision rests on the District Court."

In *Stafford* v. *Russell*, 220 F.2d 853 (9 Cir. 1955), affirming a judgment refusing to vacate a dismissal order, the Court said (p. 855):

> "We have no power to go beyond the question as to whether the district court violated its sound discretion."

Similarly here, upon a finding of failure by Judge Wyzanski to exercise discretion, the Court of Appeals below did not thereby acquire the right to exercise such discretion in his place.

Conclusion

For the reasons stated and referred to above, it is respectfully requested that this petition be granted and that a writ of certiorari issue to the United States Court of Appeals for the First Circuit in the above-entitled case.

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Proceedings in Court of Appeals

On January 3, 1961, an order of Court was entered upon motion of the three separate appellants herein, granting leave to consolidate these three appeals and to docket as a single case in this Court.

Thereafter on January 19, 1961, an order of Court was entered denying appellants' motion for stay of judgment, after consideration of the motion, memorandum and papers in support thereof and appellee's memorandum in opposition and papers in support thereof.

Thereafter, on April 5, 1961, this cause came on to be heard and was fully heard by the Court, Honorable Peter Woodbury, Chief Judge, and Honorable John P. Hartigan and Honorable Bailey Aldrich, Circuit Judges, sitting.

Thereafter, on May 24, 1961, the following opinion was filed:

United States Court of Appeals
For the First Circuit

No. 5781.

ALAMANCE INDUSTRIES, INC., ET AL.,

PLAINTIFFS, APPELLANTS,

v.

FILENE'S,

DEFENDANT, APPELLEE.

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS.

Before WOODBURY, *Chief Judge*, and HARTIGAN and ALDRICH, *Circuit Judges*.

Charles F. Choate, with whom *Joseph C. Cressy, Jr.*, was on brief, for appellants.

W. R. Hulbert, with whom *Edgar H. Kent*, *Martin Kirkpatrick*, and *Coleman T. Bahn* were on brief, for appellee.

OPINION OF THE COURT.

May 24, 1961.

ALDRICH, *Circuit Judge*. This appeal, involving unsuccessful attempts by a plaintiff to dismiss prior to trial under Fed. R. Civ. P. 41(a)(2), 28 U.S.C., requires an extensive examination of the factual background. Plaintiff-appellant Alamance Industries, Inc., and two other plaintiffs, all North Carolina corporations hereinafter collectively called Alamance, are owners of, and manufacturers under, the so-called Bird patent, No. 2,841,971, issued July 8, 1958. The patent is for a highly compressive, all-nylon, ladies' stocking allegedly providing substantial therapeutic support. Alamance asserts that it has invested over a

million dollars in plants and equipment for commercial production, and over a million dollars in advertising. Upon the issuance of the patent Alamance notified the trade in strong terms, but, although it appeared that there was considerable infringement, instituted no suits. On December 18, 1958, a number of competing manufacturers commenced an action against Alamance for a declaratory judgment of invalidity in the United States District Court for the Middle District of North Carolina. Among the plaintiffs was Burlington Industries, Inc., a Delaware corporation with an office in North Carolina. Not among them was Manchester Hosiery Mills, a New Hampshire corporation. Alamance filed a counterclaim for infringement. On July 23, 1959, Alamance brought the present action for infringement in the United States District Court for the District of Massachusetts against Filene's, a retailer then selling admittedly infringing stockings manufactured by Manchester. Manchester was not joined, nor otherwise sued. On November 2, 1959, Alamance brought infringement suits in various parts of the country against six more retailers or jobbers.

During this period intensive pretrial discovery was under way in the North Carolina suit. After November 2d the plaintiffs there applied for an injunction to restrain Alamance from bringing further retailer actions. The court denied this application without prejudice, but informally instructed Alamance to bring no more suits and advised all parties to allow those which had already been brought to lie dormant, and to concentrate their efforts in North Carolina. This suggestion seems to have been followed until September 1960, when Filene's, at what would now appear to be Burlington's instigation, took steps to bring its case to trial.

The Filene's case was originally drawn to Judge McCarthy. When he retired on May 31, 1960, it was trans-

ferred to another judge. On June 20, 1960, a Mr. Hulbert, now admittedly Boston patent counsel for Burlington, entered his appearance for the defendant Filene's. On September 2d Filene's filed a formal notice of prior art under 35 U.S.C. §282(4), and requested a pretrial conference and assignment of a trial date. Alamance immediately moved for an order for a stay until final decision of the North Carolina case. Accompanying Alamance's motion was an affidavit of its counsel, a Mr. Fletcher of New York, describing the North Carolina case and the extensive pretrial proceedings therein. These included depositions of some 25 witnesses comprising some 3500 pages of transcript, 400 exhibits, and an expenditure of substantial amounts of money. In an accompanying legal memorandum Alamance set forth the importance of the North Carolina action, and why it should be tried first. Filene's responded with an affidavit of counsel for the plaintiffs in the North Carolina suit, the thrust of which was that trial there could not be expected for four or five months.

The hearing on Alamance's motion for a stay took place on September 16. It was of short duration. It commenced by the court's inquiring how soon the defendant would be ready for trial. Mr. Hulbert replied, "Any time from thirty days on. . . . The case hangs as a cloud over the defendant, Filene's and Manchester Hosiery Mills." He stated in answer to a question, however, that he had "no way of knowing" what Filene's "volume of hosiery is."[1] He then said, "I don't say that it is necessarily urgent. This is one of numerous suits brought by the other side and hangs as a cloud over the industry." The court asked Mr. Fletcher why he did not want to try. Upon his refer-

[1] This statement apparently reflects, what is elsewhere made clear, that Filene's was thoroughly shielded from any "cloud" by an indemnity umbrella. Arguments now presented to us in respect to Filene's involvement must be considered in that light.

ring to the effort and expense in preparation for the trial in North Carolina, the court said, "Do you want to drop this one and go ahead in North Carolina?" Mr. Fletcher answered that he had offered to be bound by the decision on validity in North Carolina; that they had been working two years there and none here, and could not be ready here. Counsel then asked Mr. Hulbert if he would agree to a dismissal without prejudice, and received a negative answer. The court thereupon stated, "You go ahead in thirty days or as soon thereafter as you can be reached. . . . When you come here, you come here to a judge that disposes of business promptly for the public interest regardless of the private interests. I am not going to have a case —I don't care what any other judge has—which lasts on my docket an inexcusably long period of time. . . . You have gotten the defendant to spend money to get a lawyer." The court then offered counsel the choice of a dismissal with prejudice or trial in sixty days "and be bound thereby." Mr. Fletcher replied, "I think we will have to prepare for trial in sixty days."[2]

The court then proceeded to pretry the case. Mr. Hulbert announced that Manchester was "the party who is actively defending," offered to stipulate to infringement of claim one, but stated that he wished to try all claims. He further stated that Filene's had sold hosiery made by Burlington, but did not reply to Alamance's response that this was not in issue.[3] The defendant sought to file a

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[2] Throughout its brief defendant argues that Alamance "elected" to go to trial. So does a man who walks the plank "elect" to swim. This is not to say that there may not have been good cause to compel such action, but this is another matter.

[3] Defendant makes the statement that this constituted a "withdrawal" by Alamance. We find this surprising, since admittedly Burlington stockings were not being sold by Filene's when the complaint was filed. There was nothing to withdraw. Rather, we think counsel for defendant should have made fuller disclosure at the time of Burlington's interest. It now appears that subsequent to the filing

counterclaim, but withdrew the attempt when the court volunteered that trial would have to be delayed further if other issues were brought in.

On September 27, 1960, Alamance filed a formal motion under Rule 41(a)(2) to dismiss "without prejudice on the condition that plaintiffs shall never again sue the defendant, Filene's." In addition it offered to pay defendant's counsel fees and costs. Affidavits were filed by both sides. One of Filene's contained documents indicating that Alamance's suits against retailers, and its failure to sue manufacturers, were part of a preconceived plan to obtain maximum interference with the sale of infringing stockings at the retail level. These affidavits did not indicate, however, that Alamance was in any way delaying the trial of the North Carolina case. On the contrary, Filene's repeatedly told the court that Alamance was "moving Heaven and earth" (as if it were something reprehensible) to hasten the trial of the North Carolina case so that it could be heard first. Of even greater interest, because of the contention that it now makes, was its argument that Alamance had made a "binding" election at the September 16 hearing, totally precluding consideration of its new motion. Realizing that this might weaken its position before us, it now asserts that the new motion involved, and that the court exercised, discretion.

In view of this contention we will review briefly the proceedings of October 4, when argument on the motion was heard. The court first announced that it had read all the

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of the complaint Burlington had agreed to pay one-half of the fees and expenses, and that with the activation of the suit Burlington had agreed to pay three-quarters of the fee. There could be no better evidence that this had become a Burlington suit. It was not simply Manchester who was "actively defending." In defendant's brief before us it is now stated that Burlington's "interest was direct, immediate, *bona fide*, and indeed urgent." We take this last as meaning that it was urgent to Burlington to try this case ahead of the suit which it had brought in North Carolina.

papers and briefs. When Mr. Fletcher brought up the matter of discretion, the court replied, "Neither the defendant nor I asked that we be called upon, but we have been called upon, and having been invited we will stay until the conditions that we have laid down are met." Mr. Fletcher stated that he felt the terms of his motion were equivalent to a dismissal with prejudice as to the party in interest and thus met the court's previously stated conditions. The court. "No. If you so understood you did not understand what I said in the plainest language. . . . Speak now or you will be held to your original choice." After some discussion as to how long counsel would have so to elect, counsel stated, "I didn't take what you said before as a binding ruling, your Honor." The court. "That is merely because you don't know me."

On this record it cannot be suggested that the court exercised a new discretion on October 4. Accordingly, we review the correctness of the court's decision as of September 16, and not as an exercise of discretion in the light of any subsequent information.

Before leaving this subject, we mention briefly that in early November new, Massachusetts, counsel appeared for Alamance. At this time Alamance again requested a stay and again sought to dismiss—this time in alternative forms: simply "without prejudice," or upon whatever terms and conditions the court would properly determine. Counsel brought to the court's attention, seemingly for the first time, the request of the North Carolina court that other cases should not proceed, but the court stated that nothing would influence it to change its mind. Thereafter, on November 16 the court took evidence from the defendant, Alamance remaining mute, following which the complaint was dismissed and extensive findings were made. Alamance appeals.

We may agree that so many suits were a cloud over the

industry and should not have been brought. But we feel far more strongly that the present case should not have been activated and insisted upon by the defense. Forcing a trial, assuming this suit was harassing too, did not cure any harm caused by Alamance's having initiated vexatious litigation against other retail outlets. The other suits were not vexatious as against Filene's, nor, so far as appears, as against Manchester. Insofar as they were vexatious to Burlington, this was not a concern of the court below where Burlington's stockings were not involved. Furthermore, even if the present suit was vexatious as against Filene's, this would be fully expiated by the proposed dismissal with prejudice. We do not regard one single retailer suit as vexatious against Manchester.

Apparently what principally lay behind the district court's determination to try the case is to be found in its remark, made at the first hearing, that the "public interest" of not having a case lie on its docket for fourteen months must control "regardless of private interest." We cannot accept this statement either as the formulation of a generally applicable principle or as a proper criterion for the disposition of this particular case. Courts exist to serve the parties, and not to serve themselves, or to present a record with respect to dispatch of business. Complaints heard as to the law's delays arise because the delay has injured litigants, not the courts. For the court to consider expedition for its own sake "regardless" of the litigants is to emphasize secondary considerations over primary.[4]

If, in speaking of the public interest in speedy trials, the court could be regarded as making special reference to patent litigation, see, e.g., *Bresnick* v. *United States Vitamin Corp.*, 2 Cir., 1943, 139 F.2d 239, 242;

[4] We do not, of course, mean by this that the court does not have an interest in disposing of its docket. But that is not to say that the calendar is to be a mechanical measure.

Mercoid Corp. v. *Mid-Continent Investment Co.*, 1944, 320 U.S. 661, 665, that interest was centered in North Carolina. A trial there was inevitable in any event. That suit was the principal one, and North Carolina was the primary forum in which to try—not only because it was first, but because of the number of substantial parties before the court, and the time and effort which had been spent in preparation. See *Kerotest Mfg. Co.* v. *C-O-Two Fire Equipment Co.*, 3 Cir., 1951, 189 F.2d 31, 34-35, *affirmed*, 342 U.S. 180; *Northern Ins. Co. of New York* v. *Grone*, D.C.M.D. Pa., 1954, 126 F. Supp. 457, 458; *cf. Kerotest Mfg. Co.* v. *C-O-Two Fire Equipment Co.*, 1952, 342 U.S. 180, 183-84. Indeed, quite possibly the North Carolina court could have enjoined Burlington's affirmative pressing of the Massachusetts case for trial. See *Martin* v. *Graybar Elec. Co.*, 7 Cir., 1959, 266 F.2d 202, 203-05; *Barber-Greene Co.* v. *Blaw-Knox Co.*, 6 Cir., 1957, 239 F.2d 774, 778; *cf. Kerotest Mfg. Co.* v. *C-O-Two Fire Equipment Co.*, *supra*, at 184-85; *Dwinell-Wright Co.* v. *National Fruit Product Co.*, 1 Cir., 1942, 129 F.2d 848, 852. The North Carolina action was proceeding with all diligence. Nothing was to be gained by an additional trial in Massachusetts which could have been entirely obviated by the stipulation proposed by Alamance.[5] Nor, as we have already said, was there any public interest furthered by some principle of punishing Alamance for having brought other suits.

If, in fact, the court made any attempt to weigh the competing private interest of the parties, it was equally in error. Much of defendant's brief is devoted to arguing that Alamance could have been ready for trial. The question is not whether it was physically possible, but whether

[5] Filene's now argues that Alamance made no specific offer to be bound with respect to Manchester, as distinguished from Filene's, by the outcome of the North Carolina case. This seems an obvious afterthought. Neither the court nor counsel explored the extent of Alamance's offer.

it was necessary. While there is no absolute right to dismiss on terms, *Diamond* v. *United States,* 5 Cir., 1959, 267 F.2d 23, 25, *cert. den.*, 361 U.S. 834, the intendment of Rule 41(a)(2) is primarily to prevent voluntary dismissals which unfairly affect the other side, and to permit the imposition of curative conditions. 5 Moore, Federal Practice ¶41.05 (2d ed. 1951). Whether, and on what terms, a dismissal without prejudice may be granted, is a matter left initially to the trial court's discretion. *Larsen* v. *Switzer,* 8 Cir., 1950, 183 F.2d 850, 851; see *Shaffer* v. *Evans,* 10 Cir., 1958, 263 F.2d 134, 135, *cert. den.*, 359 U.S. 990; *Adney* v. *Mississippi Lime Co. of Missouri,* 7 Cir., 1957, 241 F.2d 43, 45-46; *Lyman* v. *United States,* 1 Cir., 1944, 138 F.2d 509, *cert. den.*, 320 U.S. 800. But that does not excuse the failure to exercise any discretion, see *Martin* v. *Graybar Elec. Co., supra,* at 203; *cf. Grivas* v. *Parmelee Transp. Co.,* 7 Cir., 1953, 207 F.2d 334, 338, *cert. den.*, 347 U.S. 913; *Harvey Aluminum, Inc.* v. *American Cyanamid Co.*, D.C.S.D.N.Y., 1953, 15 F.R.D. 14, 18, or save from reversal an unpermitted exercise. We have already expressed our belief that the court did not even purport to exercise discretion. But were we to assume that it did, the reasons given—that Alamance had brought the suit, and obliged the defendant to employ counsel to file an answer—were patently insufficient. These were merely a recitation of the very circumstances that call the rule into play. Something else was needed, and we find nothing else present. By the dismissal offered Filene's would, of course, be protected. Burlington had no right to be. Since Manchester, although a competitor of Burlington, was willing to be represented by Burlington counsel in Massachusetts, we see no hardship for it to be so represented in North Carolina. Infringement was admitted. On the question of validity, the place of trial could not have been vital. As to date of trial, Manchester had indicated no urgency until Burlington's counsel had appeared, with Burlington as-

suming three-quarters of the expense. Finally, if the makeup of the court was thought important, this was a matter scarcely to be encouraged.

The suit must be remanded to the district court. If, within thirty days, Alamance moves to dismiss with no further action to be brought against defendant Filene's, that motion should be granted. If, in addition, the defendant requests a stipulation that Alamance and Manchester be bound, *inter sese*, by the final outcome of the North Carolina suit, (now pending on appeal) Alamance shall accede, and it shall assist Manchester's intervention if Manchester so wishes.

Judgment will be entered vacating the findings and judgment of the District Court, and remanding the action to that court for further proceedings consistent herewith.

On the same day, May 24, 1961, the following judgment was entered:

JUDGMENT

May 24, 1961.

This cause came on to be heard on appeal from the United States District Court for the District of Massachusetts, and was argued by counsel.

Upon consideration whereof, It is now here ordered, adjudged and decreed as follows: The findings and the judgment of the District Court are vacated, and the action is remanded to that Court for further proceedings consistent with the opinion passed down this day.

By the Court:

Approved:
(s) PETER WOODBURY
Ch. J.

(s) ROGER A. STINCHFIELD
Clerk

Thereafter on June 6, 1961, mandate was stayed.

STATUTES INVOLVED

28 U.S.C. Sec. 2106, 62 Stat. 963

"The Supreme Court or any other court of appellate jurisdiction may affirm, modify, vacate, set aside or reverse any judgment, decree or order of a court lawfully brought before it for review, and may remand the cause and direct the entry of such appropriate judgment, decree, or order, or require such further proceedings to be had as may be just under the circumstances."

28 U.S.C. Sec. 2111, 63 Stat. 105

"On the hearing of any appeal or writ of certiorari in any case, the court shall give judgment after an examination of the record without regard to errors or defects which do not affect the substantial rights of the parties."

Rule 41 (a)(2), Federal Rules of Civil Procedure

"*By Order of Court.* Except as provided in paragraph (1) of this subdivision of this rule, an action shall not be dismissed at the plaintiff's instance save upon order of the court and upon such terms and conditions as the court deems proper. If a counterclaim has been pleaded by a defendant prior to the service upon him of the plaintiff's motion to dismiss, the action shall not be dismissed against the defendant's objection unless the counterclaim can remain pending for independent adjudication by the court. Unless otherwise specified in the order, a dismissal under this paragraph is without prejudice."

Rule 61, Federal Rules of Civil Procedure

"No error in either the admission or the exclusion of evidence and no error or defect in any ruling or

order or in anything done or omitted by the court or by any of the parties is ground for granting a new trial or for setting aside a verdict or for vacating, modifying or otherwise disturbing a judgment or order, unless refusal to take such action appears to the court inconsistent with substantial justice. The court at every stage of the proceeding must disregard any error or defect in the proceeding which does not affect the substantial rights of the parties."

Supplemental Record Appendix

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS
Civil Action No. 59-582-W

Alamance Industries, Inc.,
Kayser-Roth Corporation, and
Kayser-Roth Hosiery Co., Inc.,
PLAINTIFFS

v.

Filene's,
DEFENDANT

DEFENDANT'S MEMORANDUM IN OPPOSITION TO PLAINTIFFS' MOTION FOR DISMISSAL

THE MOTION

Plaintiffs have moved for discretionary dismissal without prejudice under Rule 41(a) on condition that "the plaintiffs shall never again sue the defendant, Filene's . . . for infringement of [the patent in suit]." The proposed order awards taxable costs to defendant. Plaintiffs' counsel have since the motion was filed also offered to pay Filene's attorneys' fees. The motion is stated to be based "on the ground that, no counterclaim having been pleaded against the plaintiffs, such dismissal *will in no way inconvenience or prejudice the defendant.*"*

THE FACTS

The facts and circumstances which should be considered by the court are set forth in some detail in papers already filed in this case, together with an affidavit and accompanying exhibits of David Rabin, Esq., of Greensboro, North Carolina, and an affidavit of the undersigned counsel in this case.

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* Emphasis added.

Briefly, the suit is for infringement of a patent on an elastic stocking made of stretch nylon without rubber threads and said to have therapeutic qualities of compression when worn. The patent issued on July 8, 1958, to plaintiff, Alamance Industries, Inc., a North Carolina corporation, which is a subsidiary of plaintiff, Kayser-Roth Corporation, and which has no place of business outside of North Carolina and can be sued only there. The named inventors are Kayser-Roth employees.

When the patent issued the plaintiffs herein initiated a program of enforcement as outlined by some of the exhibits attached to the Rabin affidavit. Notices of infringement were sent to the trade but no one anywhere was sued for infringement. Finally five hosiery mills, Triumph Hosiery Mills, Inc., Hudson Hosiery Company, Burlington Industries, Inc., Claussner Hosiery Company, and McCallum Hosiery Company, brought a declaratory judgment suit in Greensboro, North Carolina, the only forum available, against the here plaintiffs, seeking an adjudication of the patent. That case was filed on December 18, 1958.

More notices to the trade followed. Although plaintiffs knew that allegedly infringing "Ironwear" hosiery sold by Filene's was made by Manchester Hosiery Mills, no suit was brought against such manufacturer, but at length, on July 23, 1959, this suit was instituted against Filene's, a retailer of "Ironwear." The policy of suing retailers and jobbers, instead of manufacturers, to enforce the patent was a considered one (Exhibits to Rabin affidavit). Filene's is being defended by Manchester Hosiery Mills and Burlington Industries, Inc.

Then, on November 2, 1959, these plaintiffs brought infringement suits against six more retailers or jobbers, (including R. H. Macy in New York, Gimbel Bros. in New York, Gold Medal Hosiery in New York, The Bon Marche

in the State of Washington, and L. S. Donaldson Stores in Minnesota), as well as one in this District against H. Glaser & Son, a wholesaler, C.A. No. 59-841-S (Rabin Aff.). The Glaser suit involves a counterclaim under the anti-trust laws. When Glaser sought to commence discovery proceedings, plaintiffs opposed on the grounds that full discovery had been had in the Greensboro case, and defendant Glaser could make use of it. Mr. Fletcher wrote to the undersigned on May 10, 1960:

> "It seems logical, therefore, subject to what little differences, if any, exist between that case and the above case, that your client would not want to waste its time and your time and the expense involved in going over this situation again. I highly recommend that you make arrangements with David Rabin, who you know I am sure would be friendly to you, to study these depositions before going ahead on this case, on the theory that 98% of your work has been done already."

He agreed that the prior discovery could be used by Glaser, but he moved to stay the case pending the decision in Greensboro. Judge Sweeney denied the motion, as this Court did a similar motion in the instant case. Mr. Fletcher has now said he refuses to consent to use of this discovery in this, the Filene's case (Hulbert Aff., pp. 4-4a).

So far as is known, none of the other cases brought by these plaintiffs against other retailers and jobbers has been pressed for trial. Now that the present case has been set for trial, plaintiffs want to get rid of it, and they contend that the defendant, Filene's, will be just as well off with a covenant not to sue as it would with an adjudication on the merits.* Furthermore, by inaccurate and misleading repre-

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* For reasons given below (pp. 7, 8) this is not even a waiver of damages for alleged infringement by Filene's which would still be collectible in a suit against Filene's manufacturers.

sentations to the Greensboro Court, they have sought to move heaven and earth for a prior trial in Greensboro in October, in the same breath saying they cannot be ready for trial here in November in spite of spending $100,000 for preparation of trial on the merits on the same issue in the South (Hulbert Aff.).

ARGUMENT

Plaintiffs Are Bound by Their Prior Election

Before this Court on September 16, 1960, Mr. Fletcher for plaintiffs was given the choice of dismissing with prejudice or being prepared for trial in sixty days. The Court said, "Take one choice or the other and be bound thereby." Mr. Fletcher replied, "I think we will have to prepare for trial in sixty days." (Tr. 7).

It is submitted that the present motion is, therefore, out of order and should be denied for this reason alone.

In ANY Event Dismissal Should Be Denied

The premise that defendant Filene's would be "afforded full relief" by a covenant not to sue it again for infringing this patent is unsound. It is understood that general counsel for Filene's will appear at the hearing on this motion to state first-hand Filene's position on this matter. Further, because of the public interest in the adjudication of a patent whose validity is questioned and the inequitable conduct of plaintiffs, this Court in its discretion should deny the motion.

Plaintiff's Conduct

Plaintiffs have given themselves away. The suits which they brought against retailers and jobbers apparently were never intended in good faith to be tried. Said Mr. Fletcher, in his affidavit herein dated September 8, 1960:

"19. This suit, although begun subsequent to the North Carolina suit, was filed in the belief that its filing was necessary in order to avoid the possible defenses of laches and estoppel and the effect of the statute of limitations, 35 U.S.C. 286, for recovery in patent cases; it being the normal expectation that the first suit to be filed, placing the issue of validity of said patent before a Court of proper jurisdiction would be the proper place to dispose of that issue."

Can this statement be construed in any other way than as an admission that when this suit was filed plaintiffs had no intention to try it? Couple this with the admissions contained in the exhibits attached to the Rabin affidavit and we have a picture of harassment, not a picture of *bona fide* attempts to adjudicate a patent. Are plaintiffs to be allowed to file suits at will against retailers and jobbers, and to drop them one by one when trial becomes imminent? The excuse that possible defenses of laches and estoppel and running of the statute against a retail store, Filene's, justifies permitting a suit to be brought but not be tried misconceives the function of the judicial system. Courts exist to adjudicate controversies; they are not instruments of harassment to be invoked by plaintiffs who wish not an adjudication, but to avoid one. An infringing manufacturer of an infringing article is liable for all damages suffered by the patentee including whatever is attributable to resales by jobbers and distributors. Plaintiffs knew Manchester was the source of the "Ironwear" stockings. If they wished to toll the statute (six years from July 8, 1958, 35 U.S.C. Sec. 286), and to avoid other possible defenses, why did they not sue the manufacturer where damages for all his sales everywhere, as well as all the vendees' resales, would be collectible? Furthermore, it is not laches to fail to sue all infringers at once (*Clair* v. *Kaster, Inc.*, 148 F.2d 644 (2 Cir. 1945) (L. Hand, J.)).

Also it is clearly untrue that an adjudication in Greensboro will "dispose of that issue [of patent validity]" with respect to Manchester or Filene's, neither of which is directly or indirectly a party in the South.

The inference that the suit is brought merely for harassment has been stated as a reason for refusing to dismiss (*Carlson Hoist & Machine Co.* v. *Valentine*, 96 F.2d 147 (2 Cir. 1938)).

Coupled with the foregoing conduct of the plaintiff is the misrepresentation by them to the Greensboro Court of what has happened here in Boston. This conduct is outlined in the Hulbert affidavit filed herewith, and which was prepared for use in the Greensboro case. Not the least of these misrepresentations was the description of how the time for trial herein was extended from thirty to sixty days. They attributed to the undersigned a request for sixty instead of thirty days. This was in fact a concession to "help" Brother Fletcher (Tr. 6). Whereupon they attempted to persuade the Greensboro Court to utilize the extra thirty days' time for a trial in October, such trial having previously been indicated as possible in January or February 1961.

The Boston case, they say, is impossible to prepare for trial, though the Greensboro case involving the same issue of patent validity,* the same evidence, the same attorneys and the same experts, they say can be tried in October! Mr. Fletcher, in his affidavit herein dated September 8, 1960, said that all the work in Greensboro "with the exception of the limited question of infringement in this case** will be available for use at the trial herein so that the engagement of additional experts for this case would be

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* Mr. Fletcher characterized this Filene's case on page 1 of his Memorandum herein supporting his motion to stay as "a simple suit for patent infringement."

** which stands in substance conceded.

uneconomical, and hence, this has not been done." If the work would be available after the Greensboro trial, and that case is ready for trial now (as plaintiffs have represented to the Greensboro Court), why cannot it be available in Boston before that trial? No word of explanation has been offered. An antipathy to Boston must have developed after plaintiffs selected it as the forum in which to sue Filene's.

The Proposed Order Would Not Afford Defendant Full Relief nor Is the Order in the Public Interest

Apart from the fact that this dismissal proposed by plaintiffs would be a condonation and endorsement of their policy of harrassment, it should not be granted for other and compelling reasons.

The principal decision, we are told, relied upon by plaintiffs in support of this motion is *Ransburg Electro-Coating Corp.* v. *Hamilton Mfg. Co.*, 159 F. Supp. 159 (E.D. Wis. 1958) (Grubb, J.). There the court permitted a dismissal without prejudice but with a covenant never to sue the defendant again, based on the specific finding that (p. 160):

> "The court believes the defendant will be amply protected if plaintiff gives to the defendant an undertaking that it will not at any time in the future during the life of the two patents in suit assert these patents against the defendant. . . . "

The foregoing should be compared with the reasoning in *Lackner** wherein the rights of the defendant and the public interest were stated as reasons for denying dismissal. See also *Georgia Pine.*** It seems clear that in *Ransburg* the action was against a manufacturer, not a retailer. With a covenant not to sue him, a manufacturer (if not the

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* *Lackner Co.* v. *Quehl Sign Co.*, 145 F.2d 932 (CCA 6, 1944)

** *Georgia Pine Turpentine Co.* v. *Bilfinger*, 129 Fed. 131 (W.D. N.C. 1904)

public) would have the same protection he would have had by an adjudication of invalidity or non-infringement. But Filene's is not a manufacturer, it is a retailer. It depends on hosiery mills for its supplies of hosiery, the more sources the better. What good is the proposed covenant not to sue, if Filene's is denied any source of this type of hosiery except the plaintiffs? Filene's is protected only to the extent that its suppliers are protected. Dismissal would leave no pending suit in which Manchester could litigate the validity of the patent.

Moreover, dismissal coupled with a covenant not to sue would leave Filene's in a dilemma as to whether or not to continue to devote time, effort and expense in promoting the sale of allegedly infringing brands, knowing that some time one or more of them might become unavailable because of action by the patentee. This is no small consideration in major retail store and another reason why Filene's needs an adjudication of the patent promptly in this case. Without it the patent would continue as a cloud over the industry and a burden to Filene's. A decision of invalidity would give Filene's its rightful protection, assuring it access to more than one source of this all-nylon support hosiery. A decision of validity would establish the rights of the plaintiffs.

Manchester has openly controlled the defense of this suit from the start. Its general counsel signed the Answer. Indeed, it is well known that suits against customers are not ordinarily defended unless by the manufacturer. Thus, decision here would be binding on Manchester, whether favorable or unfavorable, and it would be manifestly unfair to permit dismissal without allowing *res judicata* its full sweep to protect Manchester and its other customers against later suits.

Even were Manchester's control of the litigation not known to plaintiff, it would still produce injustice to per-

mit dismissal without precluding further suits against Manchester or its customers.

First of all, plaintiffs' bringing this suit had immediate impact on Manchester in that it seriously by its very existence impaired the likelihood Manchester might be able to have its rights effectively adjudicated in a declaratory judgment suit elsewhere. Thus, the stay of a manufacturer's declaratory judgment suit in favor of the patent owner's earlier customer suit was affirmed in the leading decision in the field, *Kerotest Mfg. Co.* v. *C-O-Two Co.*, 342 U.S. 180 (1952).* To the same effect was *Trumatic Machine & Tool Co.* v. *O. M. Scott & Sons Co.*, 180 F. Supp. 838 (S.D.N.Y. 1960). It would be manifestly unfair to let plaintiff dismiss this suit without reference to Manchester's rights, forcing upon Manchester the delay incident to bringing a new suit at this late date, when by bringing its suit plaintiff made impractical, under the above authorities, Manchester's thereafter having its rights resolved in another suit filed while this one was pending.

Furthermore, Manchester had the burden and expense of defending this suit even if it could have simultaneously prosecuted a second one elsewhere. *Van Brode Milling Co.* v. *Kravex Mfg. Corp.*, 116 USPQ 385 (EDNY 1958). We submit it properly concluded that one law suit was enough to resolve its rights—and that a proper concern for judicial conservation of time and effort can hardly fail to commend this conclusion.

The Absence of a Counterclaim is Immaterial

A counterclaim for invalidity would have placed in issue the same issue already raised by the Complaint and Answer. Courts, albeit not unanimously, have held that coun-

* Although the manufacturer had been joined in the customer suit after it had brought its declaratory judgment suit, the same thing could of course have been done here.

terclaims in such circumstances will be dismissed; that they are redundant. The fact that none has been filed does not control, and the matter in any event remains in the sound discretion of the Court. *Stadium Mfg. Co.* v. *Plymouth Pajama Corporation*, 24 F. Supp. 779 (D. Mass. 1937); *Scruggs* v. *Casco Corporation*, 32 F. Supp. 625; 45 USPQ 681 (D. Conn. 1940).

CONCLUSION

For the above reasons, the motion should be denied.

(s) W. R. HULBERT
W. R. Hulbert
84 State Street
Boston 9, Massachusetts
Attorney for Defendant

Dated: October 3, 1960

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

Civil Action No. 59-582-W

Alamance Industries, Inc.,
Kayser-Roth Corporation, and
Kayser-Roth Hosiery Co., Inc.,
PLAINTIFFS

v.

Filene's,
DEFENDANT

DEFENDANT'S MEMORANDUM WITH RESPECT TO PLAINTIFFS' MOTION TO DISMISS WITH PREJUDICE

PRELIMINARY STATEMENT

Almost on the eve of the trial, plaintiffs have moved to dismiss the case with prejudice. They have asserted that

they "are totally unprepared" for trial.* Since the trial date was set almost two months ago, final preparation for trial in behalf of defendant has been completed at substantial expense by its indemnitors, Manchester Hosiery Mills and Burlington Industries, Inc. The accused sale of stockings by Filene's prior to the filing of the Complaint were of particular stockings manufactured by Manchester Hosiery Mills. Shortly after the Complaint was filed, Filene's made sales of the Burlington Support Stocking of Burlington Industries, Inc., which plaintiffs have elsewhere accused of infringing the patent. Thus, both Manchester and Burlington are in the position of a person who is not a party, but controls or participates in an action or defense because a judgment on the issues in the action will make certain or destroy a contingent obligation against him. The issue of patent validity will be adjudicated not only for or against Filene's but for or against its indemnitors. It would be manifest injustice to dispose of this case in any manner which would permit plaintiffs again to sue the defendant or the defendant's privies for infringement of this Bird patent No. 2,841,971.

The Assertion of Total Unpreparedness Is Frivolous

From the documents and the affidavits and other papers already of record in this case, it is more than an inference that the plaintiffs have misrepresented to this court that they are not ready for trial. They and their patent attorneys are ready. Defendant concedes that Charles F. Choate, Esq., is not ready for trial, but this is irrelevant. He was retained only a few days before the trial date for the purposes of this motion and has no previous connection with the patent or the case.

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* Transcript Hearing Nov. 8, 1960, p. 2

There has been not one word of explanation in this case as to why plaintiffs cannot proceed to trial with any one or more of the numerous experienced attorneys who have been connected with this and companion litigation for from one and a half to two years, utilizing the witnesses, testimony, and evidence which plaintiffs and these attorneys have assembled, cataloged, identified, and filed in the Greensboro case, directed to this same issue of patent validity.

No, it is not because the plaintiffs are not ready for trial. It is because they affirmatively do not wish to try this case that they have filed this motion. They have chosen Massachusetts as the forum in which to file their Bill of Complaint and to this date assert they want a trial but are unprepared. They have already elected not to dismiss when the court offered the opportunity before the trial date. Their tactics of harassment need no further exposure for they are manifest. The frivolousness of the assertion, together with the other tactics of plaintiffs are further compelling reasons for denying any disposition of the case which arguably would not constitute an adjudication on the merits of patent invalidity.

Res Adjudicata and Collateral Estoppel

It is clear that a cause of action for patent infringement because of an act of infringement (manufacture, use or sale of a particular article) prior to the filing of the Complaint in an infringement suit is barred by *res adjudicata* by reason of a dismissal with prejudice. But it is *not* so clear that, without more, such a dismissal would bar future suits against the defendant or its privies because of manufacture, use or sale of other articles. See: *Cromwell* v. *County of Sac.*, 94 U.S. 351 (1876); *Lawlor* v. *National Screen Service*, 349 U.S. 322 (1955); *Restatement of the Law of Judgments* (1942) §§ 46, 48, 68. Are these plaintiffs, in the

light of all that has happened in this case, to be permitted arguably to place themselves in a better position by a last minute motion to dismiss than they would be following a trial and adjudication on the merits holding the patent invalid? Not only the defendants and its privies but the public is entitled to a holding of invalidity. Certainly nothing could be more unfair to Manchester than to place it in jeopardy of future suits or force it to bring a declaratory judgment action in North Carolina to determine an issue which it should rightfully be entitled to litigate here.

As has already been pointed out, defendant has conceded infringement at least of Claim 1 of the patent and the principal issue is that of validity. Defendant should be allowed to introduce its evidence to show invalidity to enable the court to make appropriate findings.

The Court Has Wide Discretion to Make Such Order As Will Afford Genuine Protection to The Defendant

Under Rule 41 F.R.C.P. and inherently the court has broad powers and discretion.

In its exercise the court may consider prior abuses of its process: See *Gumbel* v. *Pitkin*, 124 U.S. 131, 145-146, as well as the legitimacy of the movant's grounds, and the probability of further suits or other consequences if the instant case be merely dismissed. We submit that—

If the issue of validity is not clearly determined by the dismissal, justice requires that the case go to trial and final decree so that all the parties in interest will have their rights determined with regard to future conduct.

Carlson Hoist & Machine Co. v. *Valentine*, 96 F.2d 147 (2 Cir. 1938).

Compare:

Georgia Pine Turpentine Co. v. *Bilfinger*, 129 Fed. 131 (W.D.N.C. 1904).

Phillips Petroleum Co. v. *Shell Development Co.*, 6 F.R.D. 406 (D. Del. 1947).

Knaust Bros. v. *Goldschlag*, 28 F. Supp. 188 (S.D.N.Y. 1939).

Hills v. *Federal Optical Co.*, 295 F. 213 (D. Mass. 1923).

In addition to protecting the plaintiff as to further possible infringement, and the other parties in interest, a trial will be for the benefit of the consuming public. In patent matters the public interest is defended only by willing defendants.

See *Lackner* v. *Quehl Sign Co.*, 145 F.2d 932, 934 (6 Cir. 1944).

For the foregoing reasons defendant should be allowed to go forward and introduce its evidence of invalidity.

Respectfully submitted,

W. R. HULBERT

Attorney for Defendant

Boston, Massachusetts
November , 1960

Affidavits Accompanying Defendant-Appellee's Memorandum Opposing Plaintiffs-Appellants' Motion to Stay Judgment.

EXHIBIT B

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIRST CIRCUIT

No. 5781

Alamance Industries, Inc.,
Kayser-Roth Corporation, and
Kayser-Roth Hosiery Co., Inc.,
PLAINTIFFS-APPELLANTS

v.

Filene's,
DEFENDANT-APPELLEE

AFFIDAVIT OF W. R. HULBERT

W. R. Hulbert, being duly sworn, says:

1. I am attorney for defendant-appellee herein, as well as for Manchester Hosiery Mills and Burlington Industries, Inc., which latter two corporations jointly and openly controlled the defense of the action above-entitled, the trial of which below I conducted.

2. Defendant-appellee Filene's was selling prior to the trial stockings made by both Manchester and Burlington, and both had agreed to hold Filene's harmless against any claim of infringement. It is true that at the time of filing of the Complaint, Filene's had not actually commenced the sale of Burlington Support Stockings, if this fact be relevant. That both Burlington and Manchester were controlling the defense herein was known to plaintiffs-appellants long before said trial.

3. From the date I appeared for defendant-appellee, both Burlington and Manchester have at all times instructed me to proceed as expeditiously as possible toward obtaining

adjudication of this action. I have neither made any agreement nor concurred in any suggestion that this action lie dormant pending decision of the North Carolina action or otherwise. Neither defendant-appellee nor Manchester is directly or indirectly a party to said North Carolina action. Further, Manchester and Burlington are unrelated business entities and are competitors with each other.

4. Although the present relevancy of Mr. Choate's assertion to the contrary is not apparent, I was never clearly or unequivocally notified by Mr. Choate or anyone else that the plaintiffs were not going forward with any evidence until on November 15, 1960, when the case was called for trial, they refused to introduce evidence. I did not understand that by reason of any representation made to me plaintiffs had committed themselves in any way not to call witnesses or introduce evidence at the trial.

5. One of the seven retailer and distributor suits brought by plaintiffs was brought in the District of Massachusetts against H. Glaser & Son, Inc., C. A. 59-581-S. On December 1, 1960, a motion for summary judgment was filed therein on the ground of *res judicata* for reasons similar to those advanced in the Seattle suit mentioned in Mr. Choate's affidavit. Judge Sweeney has not yet set this motion for hearing.

(s) W. R. HULBERT
W. R. HULBERT

COMMONWEALTH OF MASSACHUSETTS:
COUNTY OF SUFFOLK:

Subscribed and sworn to before me this 18th day of January, 1961.

(s) WILLIAM W. RYMER
Notary Public
My Commission expires
September 10, 1965

(Seal)

EXHIBIT C

AFFIDAVIT OF THORNTON H. BROOKS

THORNTON H. BROOKS, first being duly sworn, deposes and says that:

1. I am an attorney of Greensboro, North Carolina, and a partner in the firm of McLendon, Brim, Holderness & Brooks. I am a member of the Bar of the State of North Carolina, of the United States District Court of North Carolina, of the United States Court of Appeals for the Fourth Circuit, and of the Supreme Court of the United States. I am an attorney of record for the plaintiffs in the action of *Triumph Hosiery Mills, Inc., Hudson Hosiery Company, Burlington Industries, Inc., Claussner Hosiery Company, and McCallum Hosiery Company, plaintiffs,* v. *Alamance Industries, Inc., Kayser-Roth Corporation, and Kayser-Roth Hosiery Company, Inc., defendants,* Case No. C-232-G-58 (referred to in this affidavit as the North Carolina action), which is pending in the United States District Court for the Middle District of North Carolina, and am familiar with all records and proceedings in said action.

2. No motion, petition, or request has ever been filed or made in the North Carolina action by either party thereto that the instant action (*Filene's*) be stayed or postponed pending a trial of the North Carolina action. Nor has any order, court direction, or docket entry been entered in the North Carolina action which directly or indirectly stays or postpones the *Filene's* action, or that required that the proceedings therein remain dormant, or that suggested or requested the District Court to refrain from trying the *Filene's* case upon its merits as calendared on November 14, 1960, or that would prevent this Honorable Court from hearing the appeal from the judgment rendered by the District Court on 2 December 1960.

3. The parties to the North Carolina action have not entered into any agreement, written or verbal, which directly or indirectly prevented either party from preparing for the trial of the *Filson's* case or from participating in a trial thereof upon its merits in November 1960. Nor have the parties to the North Carolina action ever entered into any agreement, written or verbal, that the *Filson's* case should lie dormant pending a trial of the North Carolina action. Nor did the parties and the Court in the North Carolina action have any understanding that the *Filson's* case would lie dormant until the North Carolina action had been determined. As neither the named party defendant in the *Filson's* case nor one of the privies thereto who had openly undertaken the control and defense of that action, Manchester Hosiery Mills, was a party to the North Carolina action, no understanding, agreement, or stipulation was or could have been reached or entered into in the North Carolina action with regard to a trial and determination of the *Filson's* case.

This the 11th day of January, 1961.

(s) THORNTON H. BROOKS
THORNTON H. BROOKS

STATE OF NORTH CAROLINA:
COUNTY OF GUILFORD: ss.

Subscribed and sworn to before me this 11th day of January, 1961.

(s) FRANCES M. BRIDGES
Notary Public

My Commission expires: 2 5 62
(Seal)

Office Supreme Court, U.S.
FILED
AUG 4 1961
JAMES R. BROWNING, Clerk

Supreme Court of the United States

OCTOBER TERM 1961

No. 221

FILENE'S,
Petitioner,

v.

ALAMANCE INDUSTRIES, INC., ET AL.,
Respondents.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

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Supreme Court of the United States

OCTOBER TERM 1961

No.

FILENE'S,
Petitioner,

v.

ALAMANCE INDUSTRIES, INC., ET AL.,
Respondents.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

Statement of the Case

The respondents do not adopt the petitioner's statement of the case because petitioner does not set forth in sufficient detail the progress of the litigation involving the validity of the same patent now pending in the federal courts of North Carolina, the results of which, if respondents dismiss on the terms proposed by the Circuit Court of Appeals in this case as they intend to do, will make this litigation moot. On December 18, 1958 Burlington Industries, which claims to be an indemnitor of the petitioner in this case, and several other major hosiery mills comprising a major portion of the industry commenced a declaratory judgment suit in the United States District Court for the Middle

District of North Carolina against respondents seeking to have respondents' patent, which is the subject matter of the present case, declared invalid (JRA 30). Respondents counterclaimed for infringement (JRA 30). Manchester Hosiery Mills, another alleged indemnitor of the petitioner here, did not join in the North Carolina action although no reason has been presented why it could not have (JRA 30). The Court of Appeals in this case has offered it that opportunity (Petitioners' Appendix, A-11).

Seven months after the North Carolina litigation was started, this litigation was commenced (JRA 1).

The parties to the North Carolina litigation engaged in elaborate and expensive preparation for the trial of that case. By the time the present case became active in September, 1960, the North Carolina case was substantially ready for trial (JRA 31-32, 47).

Furthermore, in the meanwhile, in November, 1959, after respondents here had filed six additional infringement actions against retailers, plaintiffs in the North Carolina action, including Burlington Industries, went before the North Carolina court seeking an injunction against further actions against retailers. The North Carolina court refused to grant such an injunction but suggested to the parties in North Carolina that the actions against retailers (which would include the present action) lie dormant until the main case in North Carolina had been tried (JRA 175). Pursuant to this suggestion, respondents did nothing to prepare the present case for trial (JRA 170, 190).

Although not on the record in this case, the North Carolina case was fully tried on the merits in January, 1961 and findings of fact and an opinion were entered on February 10, 1961 and final decree on March 6, 1961 (set forth in appendix to this brief). In substance, the North Carolina court found the patent at issue to be invalid because of failure to disclose a prior Burlington Industries stocking

to the Patent Office but further held that, but for this failure to disclose, 15 claims of the patent, were valid and infringed. The decree in North Carolina has been appealed by all the parties and is now pending before the Circuit Court of Appeals for the Fourth Circuit.

Argument

I. The Petitioner's Argument is Wholly Inconsistent with the Purpose of Federal Rule of Civil Procedure 41(a)(2), 28 U.S.C.

The petitioner argues that this court should formulate (really legislate) an entirely new and unprecedented doctrine in patent litigation to the effect that a patent owner may not dismiss an action brought against a retailer after issue has been joined in a prior filed suit involving manufacturers of the product covered by the patent. According to petitioner, this new doctrine should apply if the patent owner brought its suit against a retailer in bad faith for the purpose of harassing the industry. The simple answer to this contention is that if such a doctrine should be adopted, it should be by legislative and not judicial action as it is far beyond the scope of Rule 41(a)(2) as written and as interpreted by the courts. If respondents' actions were what petitioner asserts, petitioner has its remedies under the anti-trust statutes and under 35 U.S.C. § 285 which provides for the award of attorneys fees in patent cases in extraordinary circumstances.

Furthermore, even if harassment and bad faith existed, this should have had no relevance in a consideration of respondents' motion to dismiss without prejudice. A plaintiff's motives or reasons in seeking to dismiss without prejudice should not be considered in deciding whether such a dismissal should have been granted. The only

issue should be whether legal prejudice to the defendant would result from such a dismissal. Ex parte *Skinner & Eddy Corp.*, 265 U.S. 86 (1924); *Home Owners' Loan Corp. v. Huffman*, 8 Cir., 1943, 134 F.2d 314. As pointed out by the Court of Appeals, the pendency of the prior-filed North Carolina litigation coupled with the terms and conditions upon which respondents may dismiss the present case without prejudice are an ample guarantee that the petitioner and its alleged indemnitors will suffer no legal prejudice by a dismissal without prejudice. The petitioner seems to argue that Fed. R. Civ. P. 41(a)(2), 28 U.S.C. should be used to punish an allegedly offending plaintiff who seeks to dismiss its case without prejudice. Petitioner can cite no authority for this unusual proposition. Rule 41(a)(2) should not be interpreted as being penal in nature.

In making its argument for a new and unprecedented interpretation of Rule 41(a)(2), petitioner assumes that there was litigation against retailers filed in bad faith solely for the purpose of harassment and intended, by an *in terrorem* effect, to gain a *de facto* monopoly. Such an assumption is a gross exaggeration of the evidence before the District Court which, incidentally, the respondents did not attempt to rebut, not because there was no rebuttal but because they wished to continue to insist upon their right to dismiss without prejudice and for that reason did not wish to participate in a trial on the merits. The only factual evidence before the District Court on this issue were certain letters written to the trade warning of infringement, certain inter office correspondence of the respondents pertaining to efforts to stop infringements and six lawsuits against retailers. There was nothing in any of this evidence to indicate that respondents were attempting to enforce their patent without sufficient investigation, in bad faith or without a reasonable belief in the validity of the patent. Such elements must exist before a court can

find that efforts to enforce a patent were intimidating or harassing. *Talon, Inc.* v. *Union Slide Fastener, Inc.*, 9 Cir., 1959, 266 F.2d 731. The evidence, in fact, emphasizes respondents' belief in the soundness, validity and enforceability of their patent. (Exhibits 4(b), JRA 251; P-26, JRA 257; P-54(b), JRA 268-270; P-55, JRA 271; P-57, JRA 275-276; E, JRA 292; P-80, JRA 295) and indicates that they had thoroughly tested, investigated and studied competing products and infringements (Exhibits DG-11, JRA 255; P-39, JRA 259-260; P-41(a), JRA 262; P-41(c), JRA 264; P-55, JRA 271-273; P-62(b), JRA 288; P-62(c), JRA 289; P-62(d), JRA 290; P-65, JRA 294; P-80, JRA 295-298). The evidence also indicates that respondents did not single out retailers for enforcement of their patent, but attacked infringers at all levels, manufacturers as well as retailers. (Exhibits A, JRA 61; B, JRA 63; C, JRA 67; 4(b), JRA 251; 4(a), JRA 252; B-103, JRA 253; C-10, JRA 254; P-59, JRA 277; P-60(a), JRA 278; P-60(e), JRA 280; P-60(f), JRA 281; P-60(i), JRA 282; P-60(j), JRA 283; P-60(k), JRA 284; P-60(l), JRA 285; P-60(m), JRA 286; P-60(n), JRA 287). Petitioner's sweeping characterizations of respondents' conduct is not justified by evidence which indicates only a legitimate good faith effort by respondents to enforce their patent.

II. The Court of Appeals Properly Found That the District Court Failed to Exercise Discretion.

Federal Rule of Civil Procedure 41(a)(2), 28 U.S.C., provides in part

> "Except as provided in paragraph (1) of this subdivision of this rule, an action shall not be dismissed at the plaintiff's instance save upon order of the court

> and upon such terms and conditions as the court deems proper. . . ."

There is no absolute right to dismiss under this Rule, *Diamond* v. *United States*, 5 Cir., 1959, 267 F.2d 23, 25, cert. den., 361 U.S. 834, and whether and on what terms a dismissal without prejudice may be granted is a matter left initially to the court's discretion, *Larsen* v. *Switzer*, 8 Cir., 1950, 183 F.2d 850, 851. The discretion lies initially with the trial court, *Federal Savings & Loan Insurance Corp.* v. *Reeves*, 8 Cir., 1945, 148 F.2d 731, *Home Owners' Loan Corp.* v. *Huffman*, 8 Cir., 1943, 134 F.2d 314. However, the discretion to be exercised by that court must be a judicial and not an arbitrary discretion, *International Shoe Company* v. *Cool*, 8 Cir., 1946, 154 F.2d 778, *Home Owners' Loan Corp.* v. *Huffman*, *supra*. In *Atchison, Topeka and Santa Fe Railway Co.* v. *Jackson*, 10 Cir., 1956, 235 F.2d 390, the court said

> "The term 'discretion' when used as a guide to judicial action means sound discretion exercised with due regard for that which is right and equitable under the circumstances. It means discretion directed by reason and conscience to a just result, and it frequently involves painstaking consideration of many factors, giving to each the weight to which it is appropriately entitled."

Although the granting of a motion under Rule 41(a)(2) lies within the sound discretion of the trial court, the order on such motion may be the subject of appeal and is reviewable by an appellate court, *Federal Savings & Loan Insurance Corp.* v. *Reeves*, *supra*.

Admittedly the scope of review of the action of a trial court with respect to a motion to dismiss under Rule

41(a)(2) is narrow. It is limited to considering whether the trial court exercised discretion and if, in its exercise, such discretion was abused. *Home Owners' Loan Corporation* v. *Huffman, supra.* The Court of Appeals in this case limited itself to such a review.

The appellate court in reviewing the action of the trial court regarding failure or abuse of the exercise of discretion has the right to review findings of fact and conclusions of law when the matter under review was heard without a jury. Fed. R. Civ. P. 52(a), 28 U.S.C., *Aetna Life Insurance Company* v. *Kepler,* 8 Cir., 1941, 116 F.2d 1, *Sanders* v. *Leech,* 5 Cir., 1946, 158 F.2d 486, 487, 5 Moore, Federal Practice, paragraph 52.03 (2nd Ed. 1953).

On September 27, 1960, Alamance filed in the trial court a motion to dismiss under Rule 41(a)(2) on the conditions that they never again sue Filene's on the Bird patent (JRA 45, 165-166), and that they pay the defendant's costs and attorney's fees (JRA 88-89, 165-166). Alamance also offered to be bound by the result in the North Carolina litigation (JRA 33, 38, 159).

The plaintiff Alamance had, previously on September 16, 1960 at the pre-trial and assignment, offered to dismiss without prejudice (JRA 160). At this hearing, without offering plaintiffs the opportunity to present their reasons for such a dismissal, the trial judge, in denying the motion, stated:

> "I am not offering you that chance . . . Try it in 60 days or dismiss with prejudice." (JRA 160)

The court further stated as the reason for its denial of plaintiffs' motion on September 16, 1960:

> "You have gotten the defendant to spend money to get a lawyer." (JRA 160; Petitioners' Appendix, A-5)

This denial and the reasons therefor appear to have set for the trial court the "law of the case". The Court of Appeals found that these reasons for denying the defendant's motion were patently insufficient (Petitioners' Appendix, A-10). However, Petitioner, Defendant below, argues that the trial court subsequently exercised initial discretion on the plaintiffs' formal Motion to Dismiss Without Prejudice under Rule 41(a)(2) filed September 27, 1960 and argued October 4, 1960. The Court of Appeals reviewed the evidence and findings and found that the trial court in the hearing on the formal motion relied on the "law of the case" set by its earlier denial as evidenced by the court's statement when, on October 4, counsel for the plaintiff brought up the matter of discretion:

> "Neither the defendant nor I asked that we be called upon, but we have been called upon, and having been invited we will stay until the conditions that we have laid down are met." (JRA 167; Petitioners' Appendix, A-7)

The Court of Appeals properly found that on this record it could not be suggested that the lower court exercised a new discretion on October 4 (Petitioners' Appendix, A-7) and that, therefore, at no time had the trial court even purported to exercise discretion with regard to the plaintiffs' motion under Rule 41(a)(2) (Petitioners' Appendix, A-10).

The Court of Appeals, within its right to review the exercise of discretion of the District Court, on these facts properly found that the District Court had failed to exercise discretion.

III. The Court of Appeals Did Not Usurp The District Court's Discretionary Power.

The Court of Appeals has the right to direct the entry of appropriate judgment, orders and decrees. 28 U.S.C. § 1206 recites:

> "The Supreme Court or any other court of appellate jurisdiction may affirm, modify, vacate, set aside or reverse any judgment, decrees or orders of a court lawfully brought before it for review, and may remand the cause and direct the entry of such appropriate judgment, decrees or orders, or require such further proceedings to be had as may be just under the circumstances."

The Court of Appeals stated in its opinion (Petitioners' Appendix, A-10) that:

> " . . . the court did not even purport to exercise discretion. But were we to assume that it did, the reasons given . . . were patently insufficient."

Under such circumstances, the Court of Appeals correctly availed itself of the authority vested in it by 28 U.S.C. § 1206, by directing the entry of an appropriate order.

The petitioner argues that the Court of Appeals wrongfully usurped the discretionary powers of the District Court. This argument is invalid in light of the statute, 28 U.S.C. § 1206, the reported cases and the conclusions reached by the Court of Appeals in its opinion in this case.

The reported cases support the statute and hold that the appellate court can review the order of the trial court and make appropriate findings and determinations in the matter itself rather than recommitting the case to the trial court

for the exercise of its discretion. In *Finn* v. *American Fire & Casualty Company*, 5 Cir., 1953, 207 F.2d 113, 116, the court stated that:

> "[The district judge] did not act in the exercise of his judicial discretion, but under the compulsion of a mistake of law. He considered all the proceedings in the first trial a nullity because the court conducting it was 'wholly without jurisdiction' . . . On this record, the court of appeals has the power to exercise the discretion that primarily belonged to the district court but which the latter failed to exercise. 28 U.S.C. § 1206."

The appellate court has frequently, in reversing and remanding the judgment, decree or order of the court below, when the exercise of the discretion of the said court is before it upon review, given specific or inferential directions to the lower court as to the terms of the judgment, decree or order to be entered by it upon remand. See *Pannichella* v. *Pennsylvania Railroad Co.*, 3 Cir., 1958, 252 F.2d 452; *Clemons* v. *Board of Education of Hillsboro, Ohio*, 6 Cir., 1956, 228 F.2d 853, cert. den., 350 U.S. 1006; *Thomas Corporation* v. *Nicholas*, 5 Cir., 1955, 221 F.2d 286; *Erick Rios Bridoux* v. *Eastern Air Lines*, App. D.C., 1954, 214 F.2d 207, cert. den., 348 U.S. 821; *Tozer* v. *Charles A. Krause Milling Co.*, 3 Cir., 1951, 189 F.2d 242; *Marsh* v. *Illinois Central R. Co.*, 5 Cir., 1949, 175 F.2d 498; and *Bowles* v. *Simon*, 7 Cir., 1944, 145 F.2d 334.

Cone v. *West Virginia Paper Company*, 330 U.S. 212 (1947) cited by the petitioner is easily distinguished. In the *Cone* case, the Supreme Court refused to consider any question except whether a parties' failure to make a motion in the District Court under Fed. R. Civ. P. 50(b) for judgment notwithstanding the verdict precluded the Court of

Appeals from directing entry of such a judgment and decided the Court of Appeals was so precluded. The Court stated on pages 217-218:

> "The Respondent failed to submit a motion for judgment notwithstanding the verdict to the trial judge in order that he might exercise his discretionary power to determine whether there should be such a judgment, a dismissal or a new trial. In the absence of such a motion, we think the appellate court was without power to direct the District Court to enter judgment contrary to one it had permitted to stand."

The *Cone* case does not stand for the proposition that under the proper circumstances a Court of Appeals, in reviewing an exercise of discretion by a District Court, may not direct a just result.

Conclusion

For the reasons stated and referred to above, it is respectfully requested that the Petition be denied and respondents be awarded costs.

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GENERAL APPENDIX

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION

Civil Action No. C-232 G-58

Triumph Hosiery Mills, Inc.,
Hudson Hosiery Company,
Burlington Industries, Inc.,
Claussner Hosiery Company, and
McCallum Hosiery Company,

PLAINTIFFS.

v.

Alamance Industries, Inc.,
Kayser-Roth Corporation, and
Kayser-Roth Hosiery Company, Inc.

DEFENDANTS.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. This Court has jurisdiction of the subject matter and the parties to the action.

2. The Stipulations of Fact, Part IV of the stipulations between the parties, are approved and adopted as part of these findings.

3. On 8 July 1958, United States Letters Patent No. 2,841,971 (herein referred to as the Bird Patent) was issued on an application filed 19 August 1957, to defendant Alamance Industries, Inc., as assignee of Joseph J. Bird, Ralph C. Braxton, Marvin H. Comer, and Charlie A. Miles, of Burlington, North Carolina, all of whom are employees of defendant Kayser-Roth Hosiery Company, Inc., and since that date the defendant Alamance Industries, Inc., has been and still is the owner of said Letters Patent.

4. The Bird, et al, patent-in-suit, No. 2,841,971, entitled "Compressive Stocking", relates to a surgical-type stocking of all nylon monofilament construction.

5. Prior to the Bird, et al, invention, in 1956, there was a long existing recognized need for a surgical-type stocking which would provide adequate compressive force on the leg of a wearer to be of therapeutic value when worn, and which would also be sheer and pleasing in appearance. Existing surgical stockings depended upon the inherent elasticity of rubber yarns to create compressive force, but these yarns made the stockings heavy and thick in appearance and they were hot, uncomfortable, expensive and unattractive from the cosmetic standpoint, and thus unacceptable by many who needed relief. Because of these defects, use of elastic stockings was limited to cases of severe vascular disorders.

6. In 1955, J. J. Purcell obtained a patent on an improved surgical stocking utilizing a curled or crimped multifilament nylon yarn and covered rubber yarn. These stockings were more pleasing in appearance than the all-rubber stockings, but still required the use of rubber yarns to create the necessary compressive force. (*See Johnson & Johnson* v. *Carolina Lee*, 155 F. Supp. 414 (M.D.N.C., 1957); Remanded, 258 F.2d 593 (1958); 173 F. Supp. 731 (1959); affirmed 275 F.2d 91 (1960)) About the same time, a stocking made of "Helanca" type of curled multifilament nylon was also suggested and used to a limited extent for treatment of mild varicosities and leg cramps.

7. The Bird patent specifications and claims disclose a full-fashioned knit ladies' nylon stocking having three or more unplied monofilament nylon yarn ends of false twist spindle processed yarn wherein at least three ends of the false twist yarn of the same rotational direction are knit in some courses of the knitted fabric, and three ends or more of the opposite rotational direction are knit in other

courses of the knitted fabric, forming alternately distorted loop stitches throughout the stocking. The knitted fabric forming the stocking is described as providing high compressive support for the leg of a wearer.

8. Since as early as 1955, the research and development personnel of plaintiff Burlington Industries, Inc., have recognized the support and therapeutic characteristics of ladies' nylon hosiery made using at least three ends of yarn in each course.

9. Burlington manufactured and sold ladies' nylon full-fashioned hosiery having support characteristics and knit with two ends of heat-set high torque monofilament nylon yarns in 1955. These two-end stockings were knit with two ends of 15 denier unplied yarn, with two ends of unplied yarn being knit in alternate courses, and each of the yarns having 15 turns per inch of "S" twist, and the intervening courses were knit with two ends of heat set high torque monofilament nylon yarns having the same number of turns per inch of "Z" twist and knit in an unplied condition. Such stockings were submitted to Dr. John Robert Kernodle of Burlington, North Carolina, in 1955, and he recommended to the Director of Research of Burlington Industries, Inc., that the two-end stockings be made heavier in order to increase their support characteristics.

10. Dr. Kernodle of Burlington, North Carolina, conducted clinical tests in 1954 indicating the support characteristics inherent in the Nouveaute stretchable stockings being manufactured and sold by Virginia Maid Hosiery Mills, Inc., of Pulaski, Virginia. Dr. Kernodle recognized that the Nouveaute all nylon stockings made from multifilament stretchable nylon yarn afforded sufficient support to relieve leg fatigue.

11. Burlington, commencing in June 1955, manufactured and sold ladies' nylon full-fashioned hosiery having support characteristics and knit with three ends of high torque

lively monofilament yarns. The Burlington three-end stockings were designated as Burlington Style No. 964. The Burlington three-end stockings were knit using three unplied ends of "S" twist heat-set high torque lively monofilament nylon yarns which were fed through one carrier to knit two courses in the fabric followed by knitting three unplied ends of "Z" twist heat-set high torque lively monofilament nylon yarns through the other carrier to knit two courses in the fabric. The sequence of alternation of the yarn carriers was carried out for knitting the main portion of the stocking.

12. The Burlington three-end 15 denier stocking (totaling 45 denier), Style No. 964, manufactured and sold by Burlington in 1955, was a knitted stocking comprising multiple yarn stitch loops, with each yarn in each of the stitch loops consisting of a synthetic high torque yarn, the yarns in each loop being independent non-plied monofilament yarns, the direction of the torque in each of the yarns in corresponding stitch loops being in the same direction, and the torque direction of the yarns in some courses being opposite to the torque direction of the yarns in other courses whereby the stitch loops deform when the stocking is relaxed, and when the stocking is worn the stitch loops straighten but have a strong tendency to return to the deformed condition to compress the leg of the wearer, thus providing a stocking that snaps back when stretch is relaxed.

13. The Burlington three-end Style 964 stocking manufactured and sold in 1955, was knit on a conventional full-fashioned knitting machine that employed the use of oil in the knitting operation to control the liveliness of the yarns and lubricate the yarns during knitting.

14. The Burlington three-end Style 964 stocking manufactured and sold in 1955, having three ends of unplied high torque monofilament nylon yarns in each course, was seamed, dyed, and finished by the conventional processes.

and boarded at a temperature 25 degrees higher than the temperature at which the high torque yarns had been heat-set during the yarn processing. The torque in the yarns was substantially deadened by the higher boarding temperature and the stitch loops were heat-set in their inclined positions, with a strong tendency to return to their relaxed condition.

15. In 1955, Burlington Industries had made wear tests and had established that its three-end heat-set yarn stockings contained support characteristics for the leg of the wearer, depending upon the total denier of the yarns employed for knitting the stockings.

16. Burlington Industries established in 1955 and 1956 that the three ends of 15 denier hosiery fabric made from heat-set high torque monofilament nylon yarns provided support to the lymph glands of the leg and afforded relief to women who stand a lot in their work, and afforded relief to pregnant women who complained of muscular fatigue and required muscular support.

17. As early as April 15, 16 of 1957, defendants' officials discussed the prior Burlington three-end stocking with relation to the patent application for the Bird patent which was then being planned.

18. On June 3, 1957, officials and patentees of defendants had in their possession a pair of the prior Burlington three-end stockings and recognized that "it could change" the patent application they were planning.

19. Immediately after June 3, 1957, defendants tested and analyzed this Burlington three-end stocking and the patentee Comer fully reported on it to his superior, the patentee Bird.

20. On July 11 and July 16, 1957, full information was submitted to the defendants' patent attorney for the preparation of the Bird patent application, but these full reports

contained no information about the prior Burlington three-end stocking which had been analyzed.

21. The Bird patent application was filed on 19 August 1957, representing as prior art a single and stretchable stocking constructed of cold processed torque yarn of 15 denier monofilament yarn; a two-end stocking made up by the defendants of heat-set yarn but which stocking was not commercially available; and a four-end stocking representing the applicants' claimed invention. This four-end stocking was made from false twist yarn produced by the Comer false twist spindle yarn processing procedure. Although each of the applicants for the Bird patent was fully aware of the commercial availability of the Burlington three-end stocking prior to the time their patent application was filed, and although through full analyses and testing they were aware that this Burlington stocking was made from three ends of independent high torque heat-set monofilament nylon yarns, with each of the yarns being free and movable independently of the other, and the three yarns in alternate courses having been twisted individually in the same direction, and the three yarns in other courses having been twisted individually in the opposite direction, no reference was made to this stocking in the application as filed. The applicants for the Bird patent made no reference to the prior Burlington three-end stocking, but one of them had instructed their patent counsel to cover a stocking made of high torque yarns by knitting a plurality of at least three independent high torque yarns in each loop of the knitted stocking. The patent application and its prosecution represented and emphasized that the invention was in an unexpected result accomplished by using at least three ends of independent yarns.

22. The defendants were aware of the fact, prior to the filing of their application in August of 1957, that Burlington Industries was employing high torque heat-set monofila-

ment nylon yarns in the manufacture and sale of the Burlington three-end stocking.

23. On March 31, 1958, while the application was under rejection, one of the patentees, Bird, recommended to their patent attorney that the patent claims should not cover three-end stockings because Burlington "had been making a stretch stocking with three ends of yarn which would serve the same purpose."

24. During April 1958, further Burlington three-end stockings were tested by defendant, and reports were written on same. These tests showed that the Burlington three-end stockings had resistance to stretch, but substantially less than the defendants' four-end stocking.

25. Prior to this time samples of one-end and two-end stockings were made and presented to the Patent Office at an interview before April 2, 1958, and these were specifically referred to and identified in the papers filed in the official report of the application in accordance with the Patent Office Rule 133 governing the conduct of interviews.

26. On May 8, 1958, two of the inventors, Comer and Braxton, attended an interview before the patent Examiner. They then submitted further samples of stockings made of two ends of yarn which Braxton had made up in accordance with the Knohl patent. These samples were properly referred to and identified in an amendment filed after the interview, in accordance with the Patent Office Rule 133. At this interview, the prior Burlington three-end stocking was not brought to the attention of the Examiner nor mentioned to him by either Comer or Braxton, and none of the data which they had previously prepared on this prior stocking was submitted by them to the Examiner. The subsequent paper filed recording the interview in accordance with Patent Office Rule 133, made no mention of the earlier Burlington three-end stocking. There is no men-

tion whatsoever of this stocking in the entire Patent Office record of the Bird patent.

27. The results of this interview of May 8, 1958, were reported by the patentee Comer to his superior, the patentee Bird, on May 9, 1958, and no mention was made of any discussion of the prior Burlington three-end stocking with the Examiner. This report of May 9, 1958, shows that the patentees were seeking specific coverage of a three-end stocking as was represented to be novel and inventive in the patent application as filed.

28. The defendants knew at about this time, and prior to the issuance of the patent, that the Burlington three-end stocking had been publicly sold more than one year prior to the filing of the Bird application.

29. The patent issued on July 8, 1958, with claims broadly and specifically covering a three-end stocking such as had been manufactured by Burlington since 1955, and minor and obvious modifications thereof. Such claims were not the invention of the patentees of the Bird patent, and were known by the defendants to be invalid.

30. Subsequent to the issuance of the Bird patent, defendants embarked upon a plan to intimidate and harass the hosiery industry by using threats of suit on this patent. This plan included the bringing of suits at widely separated points throughout the country against retailers rather than against manufacturers.

31. It was obvious to one having ordinary skill in this industry to improve the support characteristics of all nylon stretch monofilament stockings by making them heavier or tighter by such obvious expedients as increasing the total denier, by adding additional ends of yarn in each course, or by increasing the denier of the individual yarns, or by adding additional narrowings, but it was deemed inadvisable to make the stocking that heavy in the belief that

the pressure on the leg would be too great. Burlington rejected it for this reason.

32. It was obvious to one having ordinary skill in the art of knitting full-fashioned hosiery that to decrease the width of the fabric additional narrowings are to be added, resulting in a tighter fitting stocking for the same volume leg.

33. It was obvious to one having ordinary skill in the art of knitting full-fashioned hosiery that by progressing from one end to two ends in a stocking greater power for support would be obtained, and going from two ends to three ends more power would be obtained, and going from three ends to four ends even more power would be obtained.

34. Prior to the alleged invention the knitting of stockings having a plurality of independent ends was well known and it was obvious to the man having ordinary skill how to control the size of the loops and to make them independent.

35. It was known in 1955 and was obvious to produce high torque heat-set nylon monofilament yarns, with from 10 to 50 turns, for knitting ladies stockings to impart stretchable properties.

36. The support characteristics of a stocking are best measured mechanically, as distinguished from on the leg of a woman, by the proper use of a machine which permits the fabric itself to actuate the measuring medium. On the Instron testing machine, when measuring the action of the fabric itself, the results establish that the defendants' four-end stocking was substantially similar to the Burlington three-end Activ-8 stocking, and the forces indicated for the rubber Bauer and Black stocking were many times greater than that of both the defendants' four-end stocking and the Burlington three-end Activ-8 stocking, in areas of recovery from stretch which defendants' expert, Dr. Brown, considered reliable and realistic for giving the force exerted by the fabric itself on the leg of a wearer.

37. The support characteristics of a stocking on a woman's leg are not properly measured or realistically reflected in mechanical tests which stretch the stocking beyond about two and one-half inches, as is the case when using the Charbert tests set forth in the patent charts which go as far as six inches of stretch.

38. The support characteristics of a stocking on a woman's leg are not properly measured or realistically reflected by readings taken on a machine, while the machine is controlling the stocking by stretching it, and this is true of the Charbert and the other machines the test results of which were offered during the trial.

39. The Charbert values recorded in the Bird patent charts were taken as the stocking was being stretched and were recorded substantially instantaneously at each increment of stretch. These values fall off rapidly and substantially, and if readings had been taken after the fall off, when the fabric itself was recording the readings of the machine, the recorded values would have been substantially lower.

40. The "S" curve plotted on plaintiffs' Exhibit 29 is based on the values obtained by defendants' expert, Dr. Brown's test of one of defendants' commercial four-end stockings asserted as made in accordance with the patent, and Dr. Brown's similar test of one of plaintiff Burlington's Activ-8 three-end, 15 denier stockings, showed it had over the average "compressive values" similar to the patented stocking.

41. Defendants' Exhibits 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, and 134, were offered to represent tests of stockings but these tests are not disclosed or based on anything found in the patent, and some of the machines used were in fact devised and made by Dr. Brown long after the patent issued.

42. Contrary to the argument presented to the Patent

Office during the prosecution of the Bird et al patent, defendants' expert, Dr. Brown's own tests, on the machine which he felt best reflected the force on a woman's leg, showed that defendants' commercial four-end stocking did not have a power greater than four times the power of a single end stocking.

43. Claims 8, 9, 10, and 11 of the Bird patent were originally presented as application claims 9, 10, 11, and 12, which application claims contained no recitation of the number of ends. The recitals of "at least three ends" appearing in these patent claims, particularly in connection with the specific values of "compressive force" recited therein, have no basis in the specification and claims as originally filed.

44. Claims 18, 20, 21, 22, 23 and 24 of the Bird et al patent were not present in the application as it was originally filed, and were added by the amendments dated April 2, 1958, and May 8, 1958.

45. Claims 1 through 7 are directly anticipated by and not patentably distinguishable over the Burlington three-end 15 denier stocking sold in 1955.

46. The stocking described in the Bird et al patent is made of high torque monofilament yarn but the patent specification contains no mention of the vital and essential element of the temperature required for making this yarn.

47. The Comer method of processing yarns employing false twist spindle apparatus as disclosed in the Bird patent is not employed by any of the plaintiffs to process yarn to impart liveliness.

48. Prior to filing the Bird patent application none of the patentees made a seamless stocking with three or four ends of torque yarn in each knitted course of the fabric, and there is no description or disclosure in the patent relating to the manner in which to knit a seamless stocking. At least two of the applicants were unable without further

experimentation to make a satisfactory seamless stocking from the teachings of the patent, and it was not until approximately a year after the patent issued that a satisfactory seamless stocking was produced.

49. Contrary to the teachings of the Bird et al patent, the accused Triumph stocking is knitted from a single end or strand of three 20 denier torque monofilament nylon yarns plied together with about 5 turns of ply per inch. The individual ends of torque nylon yarn are not processed according to the Comer false twist method. The claims of the patent, especially when read in the light of the specification, read upon the structure of this plied stocking. *Johnson & Johnson* v. *Carolina Knitting et al.*, 4th cir. 275 F.2d 91.

50. After issue was joined in this action, defendants filed seven actions for patent infringement based upon the Bird patent, six of which actions were filed on the same day, November 2, 1959, against customers of Burlington from Boston to Seattle.

51. Defendants have entered into a license agreement with Hanes Hosiery Company which contains provisions restricting the manufacture of unpatented support hosiery.

52. After some work with rubber, "Helanca", and combination rubber and "Helanca" stockings, Bird and his coinventors had the concept that compressive force and a pleasing appearance might be combined in a stocking of all nylon construction.

53. By early 1956 the inventors had made sample compressive stockings utilizing four ends of 15 denier high torque monofilament nylon yarns in each course. By early 1957 the difficulties of handling plural ends of high torque yarn had been worked out, the details of construction finalized, and stockings were tested by physicians and found to be very satisfactory as to both compressive force and appearance.

54. These stockings were put on the market in the latter part of 1957, and have been sold continuously since that time as "Support Stockings" under the registered trademark "Supp-hose". All of the stockings sold by defendants under the trademark "Supp-hose" have been compressive stockings knitted with four independent ends of high torque monofilament 15 denier nylon yarn in each course of the leg, in accordance with the teachings and claims of the patent.

55. During 1957, advertising of the compressive stockings of the invention was limited to trade publications and point of sale advertisements placed as the stockings were sold. These stockings were immediately successful and received recognition and approval by numerous physicians as well as consumers.

56. Commencing in 1958, the "Supp-hose" stockings were advertised to the consumer and, as sales increased, advertising was also increased and included many national publications and television programs. Advertising was an important factor in acquainting the consumer with the new all-nylon compressive stockings, but the expanding sales and success of the stockings were due in part to the intrinsic merit of the product, and to advertising at a cost of about $2,000,000.00 per year.

57. The compressive stockings of the invention were directed not only to people suffering with pathological conditions of the vascular system, such as varicose veins, but also went into widespread use by women on their feet a lot, such as salesladies, nurses, housewives, beauticians and the like, as a therapeutical stocking to prevent leg fatigue. The success and widespread use of the patented stocking opened up an entirely new market among the latter group of women and the term "Support Stockings" has now become a recognized designation for a new category of stockings, unknown prior to the present invention, except

Burlington three-end 15 denier stocking which provided support and comfort in the milder cases.

58. The "Supp-hose" stockings made in accordance with the Bird, et al, invention have achieved substantial commercial success and acceptance, with sales increasing substantially each year, even though these stockings were priced at least three dollars per pair higher than other nylon stockings and sales of full-fashioned nylon stockings declined during this period. At the time of trial, over six million pairs of the patented stockings had been sold, having a retail value of approximately thirty-four million dollars.

59. The Bird, et al, patent is an improvement in the surgical hosiery field. The invention constitutes an advance in the art as the first all-nylon stocking utilizing no rubber, containing sufficient compressive force on the leg of a wearer to be of therapeutic value comparable to the surgical stocking with elastic, like Purcell patent, while also having a pleasing sheer appearance acceptable from a fashion standpoint.

60. The patent recognizes the known use of torque monofilament nylon yarns to produce stockings having a great amount of stretchability and sets forth detailed specific examples of representative known types of such stretch stockings. The stocking H-2, Figure 4, described in the patent at Col. 5, lines 3 to 51, Chart II, is illustrative of a known stretch stocking having one end of torque monofilament yarn in each course, knit by the two carrier system, wherein the stitches are distorted to cause the stocking to stretch and retract easily. This example also illustrates the known use of a non heat-set, i.e., cold process, torque yarn in stretch stockings, but these were not examples of Burlington's three-end 15 denier stocking.

61. The stocking H-3, Figure 3, described at Col. 5, line 52, to Col. 6, line 26, Chart III, of the patent, illustrates

the known use of a plurality of torque monofilament nylon yarns in each course of a stretch type stocking, specifically a stocking knitted by the two carrier system, with two separate ends of 15 denier monofilament torque nylon yarn fed through one carrier, and two separate ends of 15 denier monofilament torque nylon yarn of opposite torque fed through the other carrier, and alternating the two carriers in a conventional manner. This stocking alsc illustrates the known use of torque yarn which has been heat-set and twisted.

62. In May of 1957, the prior art Burlington stretch stocking made of three ends of torque monofilament nylon yarn in each course (Stipulation, paragraphs 13 c, d and j) was tested by Comer, one of the inventors, and found to have, according to him, about the same compressive force values as the one-end and two-end 15 denier stockings of Charts II and III of the patent. The Burlington three-end 15 denier stocking is more pertinent to the compressive stocking of the invention than the representative known stockings illustrated in the patent as Charts II and III.

63. The Burlington three-end 15 denier stretch stocking was not considered by the Examiner and the Chief Examiner in the United States Patent Office in the examination of the application resulting in the Bird, et al, patent.

64. In addition to the known stockings disclosed to the Patent Office by the patentees and their attorney, the examiners cited the following prior art patents:

(a) Neumager, 2,641,914, illustrating an all-nylon stocking made of multifilament crimped curled yarn of the so-called "Helanca" type;

(b) Tait, 2,832,125, illustrating the known use of a plurality of monofilament yarns in each course of a stocking;

(c) Weller, 2,755,616, one of the Patentex patents

relating to stretch yarn, stretch fabric and stretch hosiery, and illustrating the use of nylon yarns which have been heat-set and twisted, and knitted in alternate courses to provide stitch distortion and a large amount of stretch;

(d) Knohl, 2,832,125, illustrating a low modulus stretch stocking knit with two yarns of opposite twist in each course, and also the use of yarns having twist of from 25 to 100 turns per inch. (Plaintiffs' Exhibits 2 and 3)

65. There is no evidence that any of the prior art cited by plaintiffs is more pertinent to the compressive stocking of the Bird, et al, patent than the art considered by the Patent Office, except the Burlington three-end 15 denier stocking.

66. The disclosure of the patent-in-suit is sufficient to teach one skilled in the art how to practice the invention and all of the plaintiffs have been able to make all-nylon compressive stockings after knowledge of the patent.

67. The Bird, et al, patent recites as a specific and non-limiting example of the preferred yarn, nylon yarn processed by the false twist method of twisting, heat-setting and twisting in the opposite direction, with 35-50 turns per inch being preferred in this process. The patent is not limited to the use of yarn processed on false twist equipment and specifically covers the use of high torque monofilament yarn which has been heat-set and twisted and has a tendency to untwist, produced on conventional and other equipment.

68. High torque nylon yarn may be produced on conventional equipment by heat-setting and then twisting with a much smaller number of turns per inch than required for the false twisting process. For example, a 20 denier nylon yarn heat-set and twisted 20 turns per inch by conventional

equipment will have a torque equivalent to a 20 denier nylon yarn heat-set and twisted about 35 to 40 turns per inch on false twist machines.

69. The torque of the yarn increases with the denier and thickness of the yarn. A 20 denier nylon monofilament yarn heat-set and twisted 20 turns per inch will have substantially higher torque than a 15 denier nylon monofilament yarn heat-set and twisted 20 turns per inch.

70. Various methods of producing high torque in monofilament yarns were well known in the art prior to the Bird, et al, invention.

71. The patent-in-suit is limited to the use of unplied yarns in each course and covers highly compressive stockings knit of a plurality of high torque yarns.

72. The preferred embodiment of the invention is described as a stocking having a total of 60 denier of yarns in each course made up of 4 ends of 15 denier yarn. The patent also states that 3 ends of 20 denier yarn totaling 60 denier, or 5 ends of 10 denier yarn totaling 50 denier, may be used.

73. The invention is limited to a plurality of ends of yarn. Claims 16, 21, 22, 23 and 24 cover a highly compressive stocking formed from a plurality of high torque yarns or multiple high torque yarns. Claims 8, 9, 10, 11 cover a highly compressive stocking with at least three high torque yarns in each course. Claims 12, 13, 14, 15, 17, 18, 19 and 20 call for at least four ends of high torque yarn in each course.

74. The term "compressive" or "highly compressive" is an important element of each claim as defining the essential characteristic of the fabric, and here resides the invention over the prior art.

75. While the term "compressive force" is one which is difficult to define precisely, the patent describes the term sufficiently to permit one skilled in the art to practice the

invention. The patent relates the invention to the surgical stocking field, pointing out that surgical stockings containing elastic (rubber) did have a satisfactory high compressive force on the leg of the wearer. It also specifies that the stockings of the invention have sufficient compressive force on the leg to be of therapeutic value to the wearer. The patent further defines compressive force by pointing out that the stocking is stretchable and retractable, has a high resistance to stretch plus a strong tendency to return to relaxed position. It also states that known stretch stockings of crimped, curled, or torque yarn do not have sufficient compressive force.

76. As a further definition and guide for measuring compressive force, the patent sets forth detailed charts showing the forces obtained by testing the stockings on a "Charbert Modulus Tester". These Charts I, II and III pinpoint the distinction of resistance to stretch and the power of retraction, which requires the patented stocking to measure up to the standards of Chart 1 in order to achieve the compressive stocking constituting the invention.

77. The Charbert Modulus Tester is a satisfactory testing machine used for testing the modulus of stretch of elastic fabric. It is designed to accommodate a band of fabric approximately 3 inches wide and 5 inches in diameter, and can also be used to test bands of smaller or larger diameter. It is obvious that in testing a stocking on this tester, it should be cut into 3-inch bands in accordance with standard A.S.T.M. testing procedure.

78. The Charbert Modulus Tester is reasonably adequate to indicate compressive force within a range of accuracy satisfactory for testing compressive stockings. The Tester has been and still is in use by the defendants to measure and maintain quality standards for regular production.

79. The inventors of the Bird, et al, patent were the first to combine a plurality of high torque monofilament nylon

yarns in a stocking constructed and shaped in such a way as to produce a fabric having the high compressive force taught in the patent and exemplified by Chart 1.

80. The use of single or multiple torque yarns in prior stockings had not resulted in a fabric having the high compressive force taught in the patent and exemplified by Chart 1. The result obtained by the patentees was entirely new and unexpected and would not have been obvious to one having ordinary skill in the art at the time of the invention.

81. Prior to the Bird, et al, invention, none of the plaintiffs had ever made or sold any all-nylon stretchable stockings having more than 3 ends of 15 denier torque monofilament yarn, totaling 45 denier, in each course, and none of the plaintiffs had ever marketed or publicly designated any all-nylon stockings as surgical, compressive or support stockings.

82. Since at least as early as 1952, the plaintiff Burlington had recognized the need for a stocking which would provide satisfactory support without the many disadvantages of rubber stockings. It worked with and tested various stockings, including plain non-stretch nylon stockings (Holmes Tr. 1340; Kelly Tr. 968-969) and later stretch stockings made of one, two or three ends of 15 denier, 15 turns per inch, monofilament nylon. Mr. Kelly, in Burlington inter-office correspondence in 1955, stated that he believed the two-end 15 denier and the three-end 15 denier stockings might give support, and he expressed the firm belief that anything stronger or heavier than the three-end 15 denier stocking would not be satisfactory (Plaintiffs' Exhibit 78). A few of these two-end 15 denier stretch stockings were tested by Dr. John Robert Kernodle in 1955, and found to be about the same as the "Helanca" type stockings and recommended a stronger stocking.

83. Burlington abandoned its efforts to produce a satisfactory all-nylon compressive stocking and discontinued production of its three-end 15 denier stretch stocking in early 1956.

84. Within two weeks after the introduction of the highly compressive "Supp-hose" stockings of the Bird, et al. invention in mid-August 1957, Burlington obtained samples of the stockings and made a detailed analysis of them. (Plaintiffs' Exhibits 81, 82). In September of 1957, Burlington began efforts to copy the "Supp-hose" stockings and to make a stocking at lease as good and with at least as much power as the defendants' product. (Plaintiffs' Exhibits 83, 84, 85, 86, 87). By September 30, 1957, Burlington had made some four-end 15 denier stockings having the same power or modulus of stretch as the defendants' stocking, but did not market them due to the fact that it still had a substantial inventory of unsold three-end 15 denier stretch stockings made in 1955 and early 1956.

85. In early 1958 Burlington began to market its existing inventory of three-end 15 denier stretch stockings as "Active-8 Comfort Stockings", using advertising material stressing their support characteristics.

86. In the spring of 1958, Burlington began to produce a three-end 15 denier stocking under the same style No. 964 as previously used and these stockings were also designated style 999 and sold as "Active-8 Support Stockings".

87. In an effort to increase the compressive force in the three-end 15 denier stocking, Burlington made a number of changes in its construction when it resumed production in 1958. The torque in the yarn was increased about 25% by using yarn which had been heat-set and twisted 20 turns per inch instead of the prior 15 turns per inch. The leg of the stocking was made more narrow by adding additional calf narrowings.

88. Burlington was not successful in its efforts to build

compressive force into the three-end 15 denier "Active-8" stocking style 999, and its sales soon dropped to about the same low level of style 964, (Stipulations, Part IV, par. 18). This stocking was recognized by others to be a failure (Defendants' Exhibit 55; Smith Tr. 1260) and to have a rather lazy stretch when compared to "Supp-hose" stockings. (Defendants' Exhibit 82). Burlington determined by mid-1958 to go to a stocking having at least the power of the defendants' "Supp-hose" stocking, in view of the demand from salesmen and customers.

89. On or about July 16, 1958, Burlington obtained a copy of the Bird, et al, patent, No. 2,841,971, and prepared a written report commenting on it and noting, among other things, that "Active-8" did not have the extreme compressive effect given in the claims and so might not infringe.

90. In August of 1958, Burlington prepared a construction sheet for a new style No. 936, using three ends of 20 denier nylon monofilament yarn in each course, totaling 60 denier, with each end having been heat-set and twisted 20 turns per inch to give it high torque.

91. On December 1, 1958, Burlington completed a detailed analysis of the various sizes of defendants' "Supp-hose" stockings (Defendants' Exhibit 26), and on December 30, 1958, just after this suit was instituted, it issued revised construction details for its three-end 20 denier high torque stocking, and began producing such stockings in the first week of January 1959, and began selling them in the summer of 1959.

92. At the time this suit was instituted, Burlington was not selling any stockings which infringed the Bird, et al, patent and had been so advised by the defendants.

93. The accused Burlington Support Stockings are constructed of three ends of 20 denier high torque monofilament nylon yarn in each course of the body of the stock-

ing, with each yarn having been heat-set and subsequently twisted 20 turns per inch. The stockings are knit by the two carrier system so that a plurality of independent yarns of one torque are in some courses and a plurality of independent yarns of opposite torque are in other courses. These stockings exhibit high compressive force and fully meet the terms of claims 8, 9, 16, 21, 23 and 24 as exemplified by Chart 1 of the Bird, et al, patent.

94. The Burlington Support Stockings of three-end 20 denier high torque construction infringe claims 8, 9, 10, 11, 21, 22, 23 and 24 of the Bird, et al, patent.

95. Patentex, Inc., owner of many patents on heat-setting and treatment of nylon, and being licensor of plaintiffs and defendants, wrote various mills in July of 1958, including plaintiffs Hudson and Claussner-McCallum, and stating among other things, that manufacture and sale of three-end, or four or more end, stretch therapeutic stockings may be continued without infringement of any valid claim of Patent No. 2,841,971, even though the recipients of such letters had not and were not manufacturing and selling such stockings at that time. The plaintiffs Claussner and Hudson subsequently manufactured and sold stockings of the four-end high torque construction as support or therapeutic stockings.

96. The plaintiff Triumph obtained and analyzed specimens of the "Supp-hose" stockings and, after unsuccessfully seeking a license under the Bird, et al, patent, joined in this suit because it wanted to enter the market for all-nylon compressive stockings, and because it and the other plaintiffs in good faith believed and on advice of counsel that the Bird patent was invalid. Just prior to pre-trial in October 1960, it began making and selling as a support stocking, a stocking knitted of three ends of 20 denier high torque monofilament nylon yarn in each course of the body, with yarns of one torque direction in some courses

and yarns of opposite torque direction in other courses. Each of the torque yarns was heat-set and then twisted 50 turns per inch. The yarns in each course are plied together with a small amount of ply twist, but when knitted each of the yarns is free and movable independently of the other.

97. The Triumph Support Stockings fully meet the terms of claims 8, 9, 16, 21, 22, 23 and 24 of the Bird, et al, patent and the manufacture and sale thereof constitute infringement of the patent.

98. The plaintiff Hudson obtained and analyzed samples of the "Supp-hose" stockings and thereafter manufactured a number of stockings of four ends of 15 denier monofilament torque yarn in each course. Upon issuance of the Bird, et al, patent, and notice from defendant Alamance, Hudson acquiesced in the patent by representing that it had discontinued manufacture of such stockings and selling its inventory to Kayser-Roth. At the time this suit was instituted, Hudson was not making and selling stockings covered by the Bird, et al, patent.

99. In 1959, Hudson began manufacturing and selling all-nylon compressive stockings having four ends of 15 denier high torque monofilament nylon yarn in each course, totaling 60 denier in each course, with all of the yarns in some courses of the same torque and all of the yarns in other courses of opposite torque and with each of the yarns being unplied and independent in the stitch loops. The high torque yarns in the Hudson stockings are yarns which have been twisted 25 turns per inch after heat-setting by conventional equipment.

100. The manufacture and sale of the aforesaid Hudson sockings constitute infringement of claims 13, 16, 17, 21, 22, 23 and 24 of the patent-in-suit.

101. In the spring of 1958, plaintiffs Claussner and McCallum obtained some "Supp-hose" stockings and there-

after made up samples of all-nylon compressive stockings having four ends of 15 denier high torque monofilament nylon yarn in each course of the body of the stocking. After issuance of the Bird, et al, patent and notice from Alamance, Claussner and McCallum in the latter part of October began selling such stockings under the trademark "Comfo-hose". In these stockings all of the yarns in each course are of the same torque direction with yarns in some courses being of opposite torque direction to those in other courses and the yarns are independent and unplied. The torque yarns in these stockings have been twisted 23 turns per inch after heat-setting on conventional equipment.

102. The manufacture and sale of the aforesaid "Comfo-hose" stockings constitute infringement of claims 13, 16, 17, 20, 21, 22, 23 and 24 of the patent-in-suit.

103. Subsequent to the institution of this litigation, Claussner and McCallum modified the construction of the aforesaid "Comfo-hose" stockings by substituting one end of plain 15 denier monofilament yarn for one of the torque yarns in each course so that the stocking would have three ends of high torque yarn and one end of plain yarn in each course. In the knitting and final boarding under heat, the plain yarn takes on some of the torque characteristics of the other yarns and is set in distorted condition. These stockings exhibit high compressive force and fully meet and infringe claims 16, 21, and 22 of the Bird, et al, patent-in-suit.

104. The patent-in-suit has been recognized by requests for licenses from others in the industry. A number of foreign concerns have been licensed to manufacture and sell the "Supp-hose" stockings of the Bird, et al, invention and pay guaranteed annual minimum royalties in excess of $700,000.00.

105. In the United States, Hanes Hosiery Mills Company has been licensed to manufacture stockings under the Bird, et al, patent and to sell them under the trademark

"Supp-hose". Under this license, Hanes pays royalties of $8.00 per dozen for first quality, $2.00 per dozen for irregulars, and $1.00 per dozen for seconds, with a guaranteed annual minimum royalty of $400,000.00. Under a cooperative advertising provision of the license, the licensor, Alamance, is required to spend for advertising the minimum sum of $6.00 per dozen pairs of "Supp-hose" stockings sold by Licensor and all its Licensees in the United States.

106. Plaintiffs have waived the right to assert that either the findings, conclusions, comments or judgment (Plaintiffs' Exhibits 102, 103, *inter alia*) of the United States District Court for the State of Massachusetts in *Alamance Industries, Inc., et al.* v. *Filene's* No. 59-582-W, are binding upon this Court or conclusive in this proceeding under the doctrine of *res judicata*, collateral estoppel, or otherwise.

107. The trial in *Alamance Industries, Inc., et al.* v. *Filene's*, No. 59-582-W, before the United States District Court for the State of Massachusetts was not actively prosecuted by the plaintiffs therein, Alamance Industries, Inc., et al.

108. The case in *Alamance Industries, Inc., et al* v. *Filene's*, No. 59-582-W, before the United States District Court for the State of Massachusetts was not "tried upon its merits" within the meaning of this phrase as used in the stipulation dated October 15, 1960.

109. Patentex, Inc., owner of many patents on heat-setting and treatment of monofilament nylon yarn, and being licensor of plaintiffs and defendants, wrote various mills in July of 1958, and licensees, that manufacture and sale of three-end or four or more ends stretch therapeutic stockings may be continued without infringement of any valid claim of Patent No. 2,841,971.

110. The plaintiffs Claussner and Hudson subsequently manufactured and sold stockings of four-end high torque construction, while Triumph and Burlington made the three-end 20 denier stocking as licensees under patent, and in the honest belief that they were protected by the patents owned by Patentex, Inc., and that there were no valid claims in the Bird patent which they would infringe. The plaintiffs were so advised by counsel and their action was not willful and deliberate in the sense of being defiant of the patent rights of the defendants.

111. Defendants have entered into a license agreement with Hanes Hosiery Company which contains provisions restricting the manufacture of unpatented support hosiery.

112. It is common practice in advertising, to advertise a product in terms of its intrinsic qualities, or in terms of the use or manner of use of the product.

113. The claim of unfair competition based on the figure of a lady with her legs crossed, and with one hand on her leg, was not used by Burlington to advertise the sale of the Burlington support stockings against which this charge of unfair competition was pleaded. The figure of such a lady used by Burlington was dissimilar, and created an impression of a woman at home and modestly dressed who was experiencing pain and discomfort because she had not worn support stockings, rather than a woman stylishly dressed and ready to go out and who is relaxed and comfortable because she is wearing "Supp-hose".

114. The dominant approach of the accused Burlington advertising for its support stockings, was the symbol of a hand rising from below, and which appears to support the leg of the wearer of hose. The defendants' advertising witness Goldschmidt admitted that there was no appropriation in the use of this symbol, and that it had been originated by Burlington's advertising agency, Donahue and Coe, a very reputable firm in New York.

115. Because of the great mass of advertising matter which is turned out in the present age, it is possible and almost inevitable that the same or similar descriptive words or figures will be used in the advertising of competing products. It was established by the evidence that defendants used in their own advertising program, the general symbol of the seated woman with legs crossed and hands on leg, which had been used by the plaintiff Claussner many years before, and had used the word "Triumph" in the defendants' advertising, which word was the trademark property of another one of the plaintiffs, Triumph Hosiery Mills Co.

116. There was no adequate proof of any actual confusion which would sustain a charge of unfair competition.

117. Neither the defendants nor their advertising agency, Daniel and Charles, originated such words as "support" or "tired legs" or "leg fatigue" or "women who are on their feet" or that stockings are "pulled" on to the leg. These expressions are common and necessary to describe the inherent qualities of the product, and there was no unfair competition in using such expressions.

118. By reason of the license agreement which Alamance Industries, Inc., entered into with Hanes Hosiery Mills Company, the defendant misused patent monopoly by trying to make it cover every support stocking regardless of how it was made or the extent of the support which it provided.

In paragraph 2(a) "Licensee agrees that it will not represent any stockings to be support stockings for women except stockings manufactured under this license."

In paragraph 2(b) it is provided "All support stockings for women manufactured, sold or distributed by licensee shall possess, as a minimum standard, the compression characteristics expressed in United States Letters Patent

No. 2,841,971. A stocking constructed of one or two ends of 15 denier stretch nylon yarn in boot and foot shall not be considered within the scope of this license agreement, and licensee may manufacture, sell and distribute stretch stockings and royalties shall not be applicable thereto, provided, however, that it shall not sell or distribute the same under the trademark Supp-hose." The exclusion of a stocking of one or two ends of 15 denier in boot and foot necessarily prevent even the use of one or two ends of 15 denier, and certainly three-end 15 denier, and without regard to the support features of such stockings the patent does not accord the defendant exclusive right to make a support stocking, nor to drive out of the field of competition any manufacturer who produces a stocking with support characteristics like the Burlington three-end 15 denier stocking, and such effort on the part of the defendant is a misuse of its patent.

119. The patentees knowingly suppressed from the Patent Office and its Examiner the knowledge of the Burlington three-end 15 denier stocking, and demonstrated instead the insufficiency of the one and two-end 15 denier stockings for the deliberate purpose of deceiving the Examiner.

Conclusions of Law

1. This action arises under the Patent Laws of the United States and the Court has jurisdiction of the subject matter and of the parties hereto.

2. Claims 1 through 7, inclusive, of the United States Letters Patent No. 2,841,971 are each invalid and void.

(a) By reason of the manufacture and commercial sale by Burlington Industries since 1955, and more than one year before the filing date of the Bird patent, of many thousands of pairs of its three-end high torque monofilament stockings having support characteristics.

(b) The defendants with full knowledge of the continuous commerical sale and general availability and the construction of such Burlington Industries stockings, which had been in public sale since 1955, did nevertheless a long time thereafter, in August of 1957, file their patent application in the United States Patent Office claiming a stocking embodying the aforementioned construction and characteristics without revealing to, but in fact withholding from or misleading the United States Patent Office, the existence and commercial availability of the aforesaid Burlington stockings and the patent application was issued as a patent by the United States Patent Office without knowledge of such facts known to the defendants. Some of the patentees appeared before the Examiner in the Patent Office and demonstrated the inadequacy of the one-end and two-end 15 denier over the alleged invention, with full knowledge on their part that the Burlington three-end 15 denier stocking, which had been on sale more than a year before the application was filed, more nearly represented the claimed invention then the two unfavorable examples which they presented to show the state of the art. This constitutes intentional deception of knowledge possessed by them.

This misconduct on the part of the patentees in obtaining the patent renders invalid the entire patent.

> *Robinson on Patents*, Vol. 2, pp. 282, 283, 298, § 644 and 651; *Marconi Wireless Teleg. Co.* v. *United States*, 328 U.S. 1, 87 L. ed 1731 (1943); *Ensten* v. *Simon Ascher & Co.*, 282 U.S. 445, 452, 75 L. ed 453, 456 (1931); *Central Scientific Co.* v. *Moore-Milford Corp.*, 128 U.S.P.Q. 71 (not rwise reported), N D Ill. (1961); *W. E. Plechaty Co.* v. *Heckett Engineering, Inc.*, N. D. Ohio, 145 F. Supp. 805 (1956)

3. To avoid the necessity of a retrial of these issues, and in view of its having been tried on its merit, the court will make other conclusions on the merits which would apply if the court is in error in holding that the misconduct of the patentees invalidated the patent. Accordingly claims 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22, 23 and 24 are valid, provided the court is in error by declaring the entire patent void because of the misconduct of the patentees above set forth.

4. The Burlington support stockings made of three-end 20 denier high torque monofilament nylon yarn, respond to and constitute infringement of claims 8, 9, 10, 11, 21, 22, 23 and 24.

5. Hudson support stockings made of four-end 15 denier high torque monofilament nylon yarn, respond to and constitute infringement of claims 13, 16, 17, 21, 22, 23 and 24.

6. Claussner and McCallum "Comfo-hose" made of four ends of 15 denier high torque monofilament nylon yarn, respond to and constitute infringement of claims 13, 16, 17, 20, 21, 22, 23 and 24. Its substitution of one end of plain 15 denier monofilament yarn for one of the torque yarns does not excuse it from infringing the patent, as it was done merely to avoid infringement.

Johnson & Johnson v. *Carolina Lee Knitting Co., Inc.*, 4 Cir., 275 F.2d 91.

7. The Triumph support stocking made of three-end 20 denier high torque monofilament nylon yarn, respond to and constitute infringement of claims 8, 9, 16, 21, 22, 23 and 24.

8. Burlington and Claussner and McCallum have not engaged in unfair competition.

9. The plaintiffs are not guilty of intentional willful and deliberate infringement of the patent, and in no event are they liable for treble damages under Title 35 U. S. Code, Section 284, nor is the case one in which the court in the exercise of its discretion, should award attorney fees.

10. Defendants have been guilty of misuse of the patent-in-suit by endeavoring to extend its coverage to support stockings different from those described in the patent.

> *National Lock Washer* v. *George K. Garrett Co.*, 3 Cir., 137 F.2d 255 (1943); *McCollough* v. *Camera Corp.*, 9 Cir., 166 F.2d 759 (1948); *Park-In Theatres* v. *Paramount-Richards Theatres*, D. Dela., 90 F. Supp. 730 (1950), aff'd per curiam 185 F.2d 407, 3 Cir., (1950); *Chamberlin* v. *Clark Bros.*, D. Calif. 96 F. Supp. 498 (1951); *F. C Russell Co.* v. *Consumers Insulation Co.*, 3 Cir., 226 F.2d 373 (1955).

11. The patent is invalid by reason of the misconduct of patentees before the Patent Office in obtaining the patent, and by reason of the unlawful monopoly assertion by them as shown in the Hanes license. The court will therefore decline to order an accounting or to issue any injunctive relief to enforce the patent. The costs of the case, but not including any attorney fee, will be taxed against the defendants, and the plaintiffs are entitled to an injunction against the defendants from prosecuting any other suits for the alleged infringement of the Bird Patent, either against these plaintiffs or their customers, or in any other wise interfering with the plaintiffs in the manufacture and sale of their stockings.

12. The advertising, packaging and promotional materials used by plaintiffs Burlington and Claussner-McCallum do not violate any property rights owned by defendants and there has been no unfair competition in the use of

such materials by plaintiffs Burlington and Claussner-McCallum.

Judson Dunaway Corporation v. *Hygienic Products Co.*, 1st Cir., 178 F.2d 461, (1949) Cert. Den. 339 U.S. 948; *Reddy Kilowatt, Inc.* v. *Mid-Carolina Cooperative*, 240 F.2d 282, 4th Cir. (1957); *Jantzen Knitting Mills* v. *West Coast Knitting Mills*, 46 F.2d 182, CCPA, (1931); *Nims, "Unfair Competition and Trademarks"*, Fourth Edition, Page 686.

This the 10 day of February 1961.

(s) JOHNSON J. HAYES
U. S. District Judge

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION

No. C-232-G-58

Triumph Hosiery Mills, Inc.,
Hudson Hosiery Company,
Burlington Industries, Inc.,
Claussner Hosiery Company, and
McCallum Hosiery Company,

PLAINTIFFS.

v.

Alamance Industries, Inc.,
Kayser-Roth Corporation, and
Kayser-Roth Hosiery Company, Inc.

DEFENDANTS.

John W. Malley and Carl G. Love, of Washington, D. C., Thornton H. Brooks and David Rabin, of Greensboro, North Carolina, for Plaintiffs.

Paul B. Bell and Charles Parks, of Charlotte, North Carolina, and Welch O. Jordan, of Greensboro, North Carolina, for Defendants.

OPINION

HAYES, *District Judge.*

The plaintiffs instituted this suit for a declaratory judgment praying for a decree that Patent No. 2,841,971 to Joseph J. Bird, et al, on a compressive stocking be declared invalid and non-infringed, and that the plaintiffs have a decree against the defendants from interfering with the plaintiffs in the manufacture of their stockings or their customers who sell them. The defendants in answering alleged the validity of the patent, accused each of the plaintiffs with infringing the patent, asked for an accounting, and in their counterclaim the defendants set up another

cause of action against Burlington and Claussner-McCallum, alleging unfair trade practices and praying damages therefor.

The application for the Bird Patent was filed on August 19, 1957, and the patent issued July 8, 1958. There was no interference filed against the issuance of the patent and on motion of the patentees, action on the application was advanced, and upon consideration of the same the Examiner rejected all claims of the patent on March 12, 1958. The patentees made substantial amendments April 2, 1958, May 5, 1958, and May 8, 1958 which resulted in the allowance of Claims Nos. 18, 20, 21, 22, 23 and 24.

The object of the invention was to provide an all-nylon stocking which would serve the purpose of the surgical stockings which were well known and which had been marketed for years. But it was desirable to produce a stocking without the objections which had arisen to the surgical stockings. They were made of rubber and sold in drug stores and special stores, ordinarily when prescribed by the medical profession, especially in cases of severe varicose veins. An improvement over the rubber stocking occurred in a patent issued to Purcell on March 1, 1955.[1] It was thought in that case that the Purcell patent taught how to make a stocking of the surgical type by utilizing a strand of rubber covered with nylon and a strand of helenca (nylon crimped and heat set), thereby adding to the beauty of the stocking by giving it a sheer appearance and overcoming the objections to the unsightly appearance of the all-rubber surgical stocking.

Neumager in Patent No. 2,641,914, dated June 16, 1953, taught the use of helenca alone for making the stocking. While this stocking afforded the expansion, it was weak in

[1] *Johnson & Johnson and Purcell* v. *Carolina Lee Knitting Co.*, 155 F. Supp. 414, 4 Cir., 258 F.2d 593; re-hearing 173 F. Supp. 731, affirmed 4 Cir., 275 F.2d 91 (1960).

retraction. The Purcell Patent failed to absorb the demand for this type of stocking. By reason of the state of the art, as disclosed by the patents herein referred to, the patent to Bird is at most an improvement over the state of the art rather than a pioneer patent in its field. While the Bird Patent is entitled "Compressive Stocking," this invention relates to a knit stretchable and retractable garment fabric, particularly hosiery, the stitch loops of which are knit of multiple monofilament synthetic torque yarns to form a stocking which has sufficient compressive or binding force on the leg to be of therapeutic value to the wearer.

In describing the invention and the state of the art, it is said: "Stockings having a satisfactory high compressive or binding force on the leg of the wearer have depended upon the inherent elasticity in the yarn or thread of which the stockings were knit. Some of these so-called 'surgical' stockings have been knit throughout with an elastic (rubber), or elastic covered yarn, alone or in combination with plain yarn or crimped or curled synthetic stretch yarn. While some of these prior types of elastic stockings provide sufficient compressive force on the leg of the wearer, they are not as attractive as conventional monofilament stockings. Also, the prior elastic stockings which utilize rubber threads cause some people to have skin reactions and such stockings rapidly deteriorate with age and washings. Stockings made of crimped or curled synthetic stretch yarn do not have enough compressive force to be of any appreciable therapeutic value.

"Other types of stretchable and retractable stockings are currently being produced from various types of curled, crimped or torque nylon yarns, but such stockings are produced to fit a wide range of leg and foot sizes without any intention of compressing or binding the leg. Such stockings have a great amount of stretchability and are rela-

tively easy to stretch so that the hose will not bind the leg of the wearer but will merely fit snugly.

"The compressive stocking of the present invention differs from prior stretchable stockings knit with crimped or torque yarns since the stocking of the present invention has a high resistance to stretch and, therefore, a strong tendency to return to its normal relaxed position. The present compressive stockings are of particular therapeutic value to persons suffering from pathological conditions in the vascular system of the legs such as often occur during pregnancy.

"It is the primary object of this invention to provide a highly compressive stocking, the stitch loops of which are knit of a plurality of inherently inelastic synthetic yarns, each of which has been twisted to impart high torque thereto. The torque yarns in the stitched loops cause the loops to deform or incline when the stocking is relaxed and when stretched the stitch loops will straighten. The use of multiple high torque yarns in the stitch loops will multiply the resistance of the deformed stitch loops to straighten and produce a stocking which has a high resistance to stretch and, therefore, a strong tendency to return to its normally relaxed or unstretched condition resulting in a much higher degree of compression, constrictive or binding force on the leg of the wearer than has heretofore been obtained with torque yarns."

Burlington had been making a similar stocking and it had been sold over the United States extensively for more than a year before the application for the Bird Patent was filed. This Burlington stocking was constructed with three strands of 15 denier torque nylon yarn on conventional machines and in the conventional loops which was stretchable and retractable, but this was nowhere cited in the application nor in the subsequent presentation before the Examiner in the Patent Office and this has an im-

portant bearing on the whole subject matter of this litigation. In the footnote below,[3] a proper understanding of the problem is set forth in parallel columns. The left column describes the Bird Patent while the right column stipulates the Burlington stocking.

The conduct of the patentees with respect to the Burlington stocking constitutes one of the main arguments of the plaintiffs for declaring the patent invalid. While other prior art is pleaded, and prior publications, the plaintiffs have relied on the Burlington stocking as constitu[t]ing the best prior art. Although the file record discloses a rejection by the Patent Examiner of all the claims as being unpatentable over Weller No. 2,755,616, in view of Tait, No. 2,636,369, who shows that it is old to knit a plurality of monofilament into a stocking. Weller knits alternating courses of opposite torque so as to produce a balanced

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[3]

BIRD PATENT Filed August 19, 1957	STIPULATED FACTS OF BURLINGTON STYLE 964, SOLD IN 1955
In knitting the stocking blank, a standard full-fashioned knitting machine is used. —Col. 3, line 44-5.	13d. The Burlington stockings described—in 13c.—were knit using the two carrier system on a conventional full-fashioned knitting machine.
The boot of Leg 12 of the blank is made with one carrier, feeding the Z torque yarns, making two courses, and	— — —
The other carrier, feeding the S torque yarns, making the next two courses and alternating throughout the length of the remainder of the stocking blank. —Col. 3, lines 66-70.	Three-end stockings were knit using three unplied ends of "S" twist heat-set torque monofilament nylon yarns fed through one carrier to knit two courses in the Fabric and
	Three unplied ends of "Z" twist heat-set torque monofilament yarns were fed through the other carrier to knit two courses in the fabric.
	The sequence of alternation of yarn carriers was carried out for

fabric. It was held "obvious that one skilled in the art desiring to produce a fabric with a greater resistance to stretch, would realize that this would be obtained by using a plurality of filaments in lieu of a monofilament. Hence it would not be inventive to knit a plurality over monofilament in each course of Weller since this is shown to be old in Tait and the results obtained therefrom would be obvious and expected."

On April 3, 1958, substantial amendments were made to the claims to which Neumager No. 2,641,914 was made reference. The method claims were rejected as were Claims 22 through 24 as being unpatentable over Weller in view of Tait. On May 3, 1958, further amendments were filed of a substantial nature, resulting in new Claims 21, 22, 23

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the knitting of the boot of the stocking.

By using plural unplied high torque yarns of the same torque direction in each course with each of said yarns being free and movable independently of the other, greater compression is obtained due to the combined independent action of each yarn tending to distort the fabric loops and draw up the stocking. This combined torque reaction results in a highly compressive fabric heretofore unobtainable without the use of rubber yarns.

—Col. 3, lines 10-17

It is thus seen that we have provided a highly compressive stocking, utilizing no rubber, by knitting a plurality of, at least three, independent high torque yarns in each loop of the knitting stocking.

—Col. 6, lines 57-60

13c. The three-end full-fashioned stockings were made of three ends of torque 15 Denier monofilament nylon yarns, three ends each having 15 turns per inch of "S" twist unplied in alternate courses and three ends having 15 turns per inch of "Z" twist unplied in intervening courses. This stocking was, and is, Burlington Style No. 964. Burlington commenced the manufacture and sale of these stockings in June, 1955.

and 24. Again amendments were made on May 8, 1958, for the purpose of pointing up and defining the invention and particularly to specify the plurality of independent torque yarns, at which time the patentees and their attorney appeared before the Examiner for the purpose of demonstrating their invention over the prior art, including the Knohl Patent No. 2,832,125. Braxton and Comer, two of the patentees, with their attorney, appeared before the Examiner for the purpose of demonstrating their invention over the prior art, and at which time the claims were made more definite by the addition of "there being at least three yarns in some courses for a torque in one direction and at least three yarns in other courses for a torque in opposite directions," in Claims 8, 9, 10, 11, and the same clause, except "four" was substituted for "three" was added to Claims 12, 13, 14, 15 and 17. In this connection, the file record excludes any reference whatever to the Burlington stocking having been brought before the Examiner, and yet the Burlington stocking in its structure and result read more nearly on the Bird patent than any of the references or structures demonstrated before the Examiner. This was not omitted by inadvertence or neglect. Its omission was deliberate and resulted in the concealment from the Examiner of facts definitely known to the patentees because Bird on March 31, 1958, wrote the patent attorney:

> "It is suggested that we list four ends of 15 denier monofilament yarns in each loop as being the minimum and not set up a definite maximum. . . . The consideration for specifying a minimum of four ends is on the basis that Burlington and others have been making a service-weight stocking under the Patentex Chadolon Patent and to make our claims identifiable we should specify more than three ends. Otherwise there would be the question that Burlington and others had been

making a stretch stocking with three ends of yarn which would serve the same purpose."

There is no doubt in my mind that the claims would not have been allowed over the Burlington stocking if the patentees had performed their duty of making a true presentation of the state of the art at the time of the demonstration. Having demonstrated the weakness of the one strand method and the two strand method over their four strand on which they sought the patent, there is no other conclusion to reach than that they deliberately omitted demonstrating the Burlington stocking with full knowledge that it constituted the present prior art over the stocking on which they sought their patent. This conclusion is buttressed by the fact that the amendments to their claims, which have been referred to above, indicate that they knew of the significance of three strands and four strands in connection with their invention. In *Armour & Company* v. *Wilson & Company*, 168 F. Supp. 353, the court held:

> "The Thompson patent was secured after furnishing the Patent Office with false and misleading evidence and statements, and this invalidates the Thompson patent. *Precision Instrument Mfg. Co.* v. *Automotive Maintenance Machinery Co.*, 1945, 324 U.S. 806, 816, 818, 89 L.Ed. 1381, 1387, 1388, 65 USPQ 133, 138, 139; *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.*, 1944, 322 U.S. 238, 88 L.Ed. 1250, 61 USPQ 241; *Keystone Driller Co.* v. *General Excavator Co.*, 1933, 290 U.S. 240, 78 L.Ed. 293, 19 USPQ 228; *Florindin* v. *Attapulgus Clay Co.*, D.C.D.Del. 1949, 35 F. Supp. 810, 814, 47 USPQ 332, 336."

In view of the three weeks consumed in hearing the testimony and argument in the case, the court will consider other aspects and issues which have arisen. In the event that the invalidity of the Bird patent is not sustained on the basis

of willful withholding from the Patent Office vital information on the invention and magnifying the inadequacy of the art at the time, we pass to the question of the patent itself as well as the validity of the claims and the matter of infringement.

The patent is confined to a specific product and if limited to its proper definitions embodies a structure not then known and is an improvement over the structure theretofore produced. The novelty, if any, resides in a structure of highly repressive force, demonstrated in the patent as "compressive," which possesses substantially more resistance to stretch and greater power of restriction or compression then any of the structures heretofore made without elastic. If interpreted in the light of its specifications and Charts I, II and III, illustrating the same, the stocking, in order to comply with the invention, is required to achieve the force of restriction demonstrated in Chart I. The stockings made and sold by defendants since the fall of 1957 have been made in accordance therewith and have been given widespread approval both by the consuming public and by the medical profession who have recommended its use in preference to the elastic stocking. It was marketed by Kayser-Roth under the trademark "Supphose" and designated as a "Support Stocking." It distinctly differed from a rubber stocking in that rubber after being stretched snaps back, whereas the nylon stocking constituting the invention was stretchable and retractable by virtue of the torque in the yarns and in the loops, thereby importing a liveliness thereto which caused the stocking to retract with force or compression. Its novelty over the Burlington stocking resides in its excess of repressive force which arises by the use of four ends of 15 denier, giving a total of 60 denier, which until their invention was deemed impractical, unsatisfactory and too heavy to be accepted by the consumers. In addition to the

statutory presumption of validity, 35 USC 282, which was enacted after *Mumm* v. *Decker*, 301 U.S. 168, the importance of which statute is considered in *Georgia-Pacific Corp.* v. *United States Plywood Corp.*, 2 Cir., 258 F.2d 124, the patent in suit meets other tests by:

(1) It solved a long-existing problem and filled a long-felt need. *Baker Cammack Hosiery Mills, et al,* v. *The Davis Co.*, 4 Cir., 181 F.2d 550.

(2) The substantial commercial success enjoyed by the "Supp-hose" Compressive Stocking attests its merits. *Baker-Cammack Hosiery Mills, et al,* v. *The Davis Co., Supra; City of Grafton* v. *Otis Elevator Co.*, 4 Cir., 166 F.2d 816; *Kress & Co.* v. *Aghnides*, 4 Cir., 246 F.2d 718.

(3) Royalties paid by others in the field, to-wit, $700,000.00 a year in foreign licenses and $400,000.00 a year by Hanes Hosiery.

(4) The imitation by the competitors of the Bird stocking. It is significant that although the plaintiff had rejected such a stocking before the Bird patent that promptly thereafter they resorted to the manufacture of a stocking comparable to weight composed of either four ends 15 denier or 3 ends 20 denier which served substantially the same function of the stocking described in the patent. It was said in *Hurtz* v. *Belle Hat Lining Co.*, 2 Cir., 280 F. 277:

> "The imitation of a thing patented by a defendant, who denies invention, has often been regarded, perhaps especially in this circuit, as conclusive evidence of what the defendant thinks of the patent, and persuasive of what the rest of the world ought to think."

This principle is supported in *Black and Decker Manufacturing Co.* v. *Postal Truck Tire Service Corp.*, 4 Cir., 40 F.2d 910; *Ackermans* v. *General Motors Corp.*, 4 Cir., 202 F.2d 642, and *Saco-Lowell* v. *Reynolds*, 4 Cir., 141 F.2d 587, 596. It is contended by the plaintiffs that the

advance to the patented stocking over the prior art was a mere matter of degree obvious to one skilled in the art and not patentable. But this argument is not impressive nor in accord with *Steadman Mfg. Co.* v. *Redman,* 4 Cir., 257 F.2d 867; *O. M. I. Corp. of America* v. *Kelsh Instrument Co., Inc.,* 4 Cir., 279 F.2d 579 and *Diamond Rubber Company of New York* v. *Consolidated Rubber Tire Company,* 220 U.S. 428. It is noteworthy that Burlington ceased production of its three-end stocking during 1957, but revised it in 1958, and in 1959, after this suit had been instituted, it began the production of three-end 20 denier. This is rather significant, as pointed out in this circuit in *Procter & Gamble Mfg. Co.* v. *Refining, Inc.,* 4 Cir. 135 F.2d 900.

Defendants concede that the Burlington three-end 15 denier stocking does not infringe the Bird patent. This is not any generosity on their part. It is rather a concession necessary to avoid invalidating the patent on account of prior art and to afford a semblance of excuse for failure to bring it to the attention of the Patent office.

Claims 1 through 7 are held invalid for lack of definiteness, and anticipated by Burlington's three-end 15 denier stocking. Claims 8 and 12, directed to the knee portion of the stocking, Claims 9 and 13, directed to the ankle portion. Claims 10 and 14, directed to the instep portion, and Claims 11 and 15, directed to the foot portion, are sufficiently specific and are held valid. Claims 16, 17 and 18 are held sufficiently definite and valid. Claims 19 and 20 are held invalid for indefiniteness. Claims 21, 22, 23 and 24 are held sufficiently definite and valid.

In holding the claims above valid, the court became constrained to do so on the basis of the specific improvement in the production of the desired stocking over the prior art and made according to the specifications and limited to the precise form and elements to produce the highly compressed stocking. In holding the claims valid, the court

arrived at the difficult determination on the narrow basis that the patented stocking was a valuable improvement over the prior art, if strictly constructed according to the definitions set forth in the claims which have been held valid. Stockings made of a less specified standard and possessing less highly compressive force would not be construed to come within the terms of the claim. It is not such a pioneer in its field that others making stockings of a lower degree of compression would have to pay tribute and for this reason should be classified as a secondary invention. *Diamond Rubber Co. of New York* v. *Consolidated Rubber Tire Company*, 220 U.S. 428, 435; *Lever Bros. Co.* v. *Procter & Gamble Mfg. Co.*, 4 Cir., 139 F.2d 633; *Hutzler Bros.* v. *Sales Affiliate, Inc.*, 4 Cir., 164 F.2d 260.

It is a settled principle of patent law that the invention is measured in terms of the claims, but that the claims are to be read, interpreted and applied in light of the specifications which may not enlarge a claim but which may explain and clarify it."

Burlington's accused stocking of three-end 20 denier infringes Claims Nos. 8, 9, 16, 21, 22, 23 and 24 of the Bird Patent. Its stocking has the same weight and substantially the compressive force specifically set forth in those claims. The accused stockings made by Claussner-McCallum and Hudson infringe Claims Nos. 13, 16, 17, 21, 22, 23 and 24. Plaintiff Triumph knitting the three-end 20 denier high torque monofilament nylon infringes Claims Nos. 8, 9, 16, 21, 22, 23 and 24 of the Bird Patent.

The court holds that none of the plaintiffs willfully and deliberately infringed the patent but acted in good faith in the honest belief that as licensees of Patentex they had the right to make their stockings and were so advised by counsel. In no event should the plaintiffs be required to pay treble damages.

MISUSE OF PATENT

The lease agreement between defendants and Hanes Hosiery Mills Company contains provisions which clearly restrict the licensees from making or selling support stockings in competition with the owner of the patent. The patent confers no monopoly to the patentees for the exclusive manufacture of a support stocking or the right to prevent anybody from making or selling a stocking with its qualities such as the two-end 15 denier stocking made by some of the plaintiffs before the issue of the patent, and particularly the three-end 15 denier support stockings made by Burlington Mills. In this connection, it is to be remembered that the defendants are asserting the exclusive use to the word "support" as descriptive of a stocking when they knew full well that the two-end and three-end nylon stockings made by the plaintiffs had support characteristics, but for reasons convenient to the defendants they described them as "stretch" stockings.

In Paragraph 2(a) licensee agrees "it will not manufacture, sell or distribute any support stockings for women except in accordance with the terms of this lease. Licensee agrees it will not represent any stockings to be support stockings for women except stockings manufactured under this license."

Paragraph 2(b) contains this provision: "All support stockings for women manufactured . . . by licensee shall possess . . . compression characteristics explained in United States Letters Patent No. 2,841,971. A stocking constructed of one or two-end 15 denier stretch nylon yarn in boot and foot shall not be considered within the scope of this license agreement, and licensee may manufacture, sell and distribute stretch stockings and royalties shall not be applicable thereto."

In connection with the excerpts of the preceeding, one clearly shows that the licensor was extending his monopoly

beyond that conferred by the patent and was endeavoring to prevent licensee from making a stocking of one or two-end 15 denier stretch nylon yarns. The exclusion clause restricted to the one and two ends of 15 denier clearly indicates that the contract prevents licensee from making any stocking and referring to it as a support stocking and requiring him to refer to it as a stretch stocking instead. It follows from what has been said that the patentee is using the lawful monopoly granted by the patent as a means of surpressing the manufacture and sale of competing unpatented articles and is endeavoring to extend the bounds of its lawful monopoly to give it the exclusive market for every support stocking when the patent does not extend that far. This practice is unlawful. *Lock Washer* v. *George K. Garrett Co.*, 3 Cir., 137 F.2d 255; *McCollough* v. *Camera Corp.*, 9 Cir., 166 F.2d 759; *Cf. Chiplets, Inc.* v. *June Dairy Products*, 89 F. Supp. 814; *Steffen* v. *W. J. Schoeberger*, 90 F. Supp. 710; *F. C. Russell Co.* v. *Consumer Insulation Co.*, 3 Cir., 226 F.2d 373; *United Shoe Machinery Co.* v. *United States*, 258 U.S. 451-458.

The language of the instant license agreement differs from that construed in *North Drive-In Theatre Corp.* v. *Park-In Theatres, Inc.*, 10 Cir., 248 F.2d 232; *United Lens Corporation* v. *Doray Lamp Co., Inc.*, 7 Cir., 93 F.2d 969, and *Carter Products* v. *Colgate Palmolive Company*, 164 F. Supp. 503, which are cited by the defendants. The misuse of the patent requires a court of equity to leave the defendants without equitable relief, either for an accounting, or by way of injunction.

On the counterclaim of the defendants against Burlington and Claussner-McCallum for unfair trade and use of good will of defendants on the charge of copying its advertising material, the defendants have failed to show by a preponderance of the evidence that either of these plain-

tiffs has engaged in unfair practice or wrongfully used the defendants' trademark on advertising matter. It is true that in some respects there are close similarities between the advertising of the plaintiffs and that of the defendants, but the proof is wholly insufficient to establish by a preponderance of the evidence that any customers of the defendants were misled or confused. It is incumbent on the defendants to produce adequate proof that it has been damaged by the use of its material. The bulk of the evidence offered by the defendants relates to the pictures of women wearing stockings and of the functions which the stockings render to the leg of the wearer. However, the pictures employed and the language descriptive of the product truly illustrate the product of the plaintiffs. The defendants cannot properly exclude the plaintiffs and others from displaying stockings on the legs of a woman regardless of the pose in which she is portrayed. Moreover, Burlington in its advertising has distinctly exhibited its name as the producer of its stocking in bold letters which should distinguish it from the product of the defendants. In like manner Claussner-McCallum prominently and in bold letters designate their stocking as "Comfo", which definitely distinguishes it from that of the defendants. This is in accord with *Judson Dunaway Corporation* v. *Hygienic Products Co.*, 178 F.2d 461, in which the plaintiff was denied relief both for violating the trademark and unfair competition. In that case plaintiff marketed and promoted its toilet cleanser with representation of a woman pouring the contents of a can into a water-closet. The court held that the plaintiff was "not entitled to appropriate exclusively unto itself the merely descriptive element of its composite marks. It cannot prevent the defendant from using on its labels or in its advertising a representation of material flowing from a can into a water-closet bowl. . . . Nor do we think that the plaintiff can pre-

vent the defendant from going one step further and advertising its product by showing it in use by a person, and, moreover, in use by the sort of person who would normally be expected to use it, that is, by a woman."

The Fourth Circuit Court, in *Reddy Kilowatt, Inc.* v. *Mid-Carolina Electric Cooperative, Inc.*, 240 F.2d 282, held:

> "It does not follow that the plaintiff has made out a case. Its claims to an exclusive field are not entitled to the breadth which is implicit in its arguments. It must be kept in mind in the first place that the plaintiff was not the first to make use of a fantastic humanized figure for advertising purposes; nor was it indeed the first to use such a character in the field of electricity."

The same situation was presented in *Jantzen Knitting Mills* v. *West Coast Knitting Mills*, 46 F.2d 182, displaying a swimming suit worn by a girl standing in a diving posture. It was there stated:

> "We do not think that appellant has a right to monopolize the figure of a diving girl clad in a swimming suit. It is a well settled principle of the trademark law that a mere representation of the merchandise on which the mark is used cannot be adopted as a trademark."

Nims Unfair Competition and Trademarks, Fourth Edition, Page 686.

A degree will be entered in this case declaring in the first instance that the patent in suit has been rendered invalid by reason of the willful concealment from the Patent Office of the Burlington three-end monofilament torque nylon yarn which was fully known to the patentees and known to have been in use for more than a year before they filed their application for the patent in suit. But for this fact the court would hold the patent valid as to the claims set forth above and infringed, but that the defendants are

not entitled to equitable relief either by way of accounting or injunction, because of the misuse of the patent, and that the defendants be restrained from interfering with the plaintiffs in the manufacture and sale of the accused stockings and from threatening to sue or instituting action for infringement against the customers of the plaintiffs, and that the defendants be taxed with the costs.

The court will not assess any attorney fees. All of the parties, both plaintiffs and defendants, are licensees under Patentex to heat treat and impart torque to monofilament nylon yarns. Patentex advised its licensees that they had the right to utilize the privileges granted under the license to heat treat and set and twist monofilament nylon yarns and to make hosiery therefrom without infringing any valid claims of the Bird Patent. The plaintiffs in good faith believed that they had the right to do so and were advised by counsel of their right to do so, and if the defendants in this case had prevailed, I doubt if this court would have taxed attorney fees. In respect to the defendants, the court is of the opinion that they should not be taxed with attorney fees for the plaintiffs.

(s) JOHNSON J. HAYES
United States District Judge

February 10, 1961.

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
Civil Action No. C-232-G-58
Greensboro Division

Triumph Hosiery Mills, Inc.,
Hudson Hosiery Company,
Burlington Industries, Inc.,
Claussner Hosiery Company,
and McCallum Hosiery Company,
PLAINTIFFS,

v.

Alamance Industries, Inc.,
Kayser-Roth Corporation, and
Kayser-Roth Hosiery Co., Inc.,
DEFENDANTS.

DECREE

This action came on to be tried before the Court, and the Court having considered the evidence introduced by the parties including stipulations, exhibits, and the entire record in the cause, as well as the briefs and arguments of counsel for the respective parties; and the Court having heretofore made and filed its Findings of Fact and Conclusions of Law, and its written Opinion, as the same appear of record, and which are made a part hereof by reference thereto; it is therefore,

Ordered, Adjudged, and Decreed as follows:

1.

United States Letters Patent No. 2,841,971, and all of its claims, which was issued on July 8, 1958, to Alamance Industries, Inc., upon application of Joseph J. Bird, Marvin H. Comer, Charlie A. Miles, and Ralph C. Braxton, is invalid and void because of the misconduct on the part of the patentees in obtaining the patent.

2.

In the event it were determined that United States Letters Patent No. 2,841,971 is not invalid in its entirety because of the patentees' misconduct, then Claims 1 to 7, inclusive, and Claims 19 and 20 are each invalid and void, and Claims 8 to 18, and 21 to 24, inclusive, are valid.

3.

United States Letters Patent No. 2,841,971 is unenforceable by reason of the defendants' misuse thereof.

4.

If the claims of this patent are valid, then the plaintiffs have each infringed the following claims of the patent:

The Burlington Support Stockings made of three end 20 denier high torque monofilament nylon infringe Claims 8, 9, 10, 11, 21, 22, 23 and 24;

The Triumph Support Stockings made of three end 20 denier high torque monofilament nylon infringe Claims 8, 9, 16, 21, 22, 23 and 24;

The Hudson Support Stockings made of four end 15 denier high torque monofilament nylon infringe Claims 13, 16, 17, 21, 22, 23 and 24;

The Claussner-McCallum Comfo-Hose Support Stockings made of four end 15 denier high torque monofilament nylon infringe Claims 13, 16, 17, 21, 22, 23 and 24; and

The modified Comfo-Hose Support Stockings made of three end 15 denier high torque monofilament nylon and one end of 15 denier plain yarn infringe Claims 16, 21 and 22.

5.

The defendants, Alamance Industries, Inc., Kayser-Roth Corporation, and Kayser-Roth Hosiery Company, Inc., their directors, officers, associates, agents, attorneys, confederates, employees, and those in active concert or participation with them, who receive actual notice of this Decree

and Injuction, by personal service or otherwise, be and they are perpetually restrained and enjoined from in anywise interfering with the plaintiffs, and each of them, in the manufacture and sale of their all nylon monofilament support stockings which have been accused by the defendants to infringe United States Letters Patent No. 2,841,971, and from threatening to sue or to institute actions for claimed infringement of the patent, against the customers of the plaintiffs.

6.

The Counterclaim and Supplemental Counterclaim are hereby dismissed and all of the claims for relief therein asserted, including injunctive relief and damages, are denied.

7.

The Court does not award the plaintiffs attorneys' fees to be assessed against the defendants.

8.

The defendants are taxed for the cost of this action to be fixed by the Clerk.

This the 6th day of March, 1961.

(s) JOHNSON J. HAYES
United States District Judge

AMENDMENTS TO FINDINGS OF FACT AND CONCLUSIONS OF LAW

The following amendments were made by United States District Judge Johnson J. Hayes on 6 March 1961 to the Findings of Fact and Conclusions of Law which had previously been made by the Court on 10 February 1961:

FINDINGS OF FACT

No. 45 (page 10) Insert in the first line after the numeral "7" the following:—and Claims 19 and 20—.

No. 73. (page 15) Delete at the end of the fifth line the following: "19 and 20".

No. 102. (page 21) Delete in line 2 the numeral "20".

CONCLUSIONS OF LAW

No. 2. (page 1) Insert in line 1 before the word "inclusive" the following:—and claims 19 and 20—.

No. 3 (page 2) Delete in line 5 the numeral "20".

No. 6. (page 2) Delete in line 3 the numeral "20".

CERTIFIED COPY

United States of America
Middle District of North Carolina, ss:

I Herman Amasa Smith, Clerk of the United States District Court for the Middle District of North Carolina, do hereby certify that the annexed and foregoing is a true and full copy of the original.

1. Decree filed on 6 March 1961, in the case of *Triumph Hosiery Mills, Inc., et al.* v. *Alamance Industries, Inc., et al.*, case number C-232-G-58, and
2. Amendments to Findings of Fact and Conclusions of Law filed 7 March 1961.

now remaining among the records of the said Court in my office.

In Testimony Whereof, I have hereunto subscribed my name and affixed the seal of the aforesaid Court at Greensboro, N.C. this 7th day of March, A.D. 1961

HERMAN AMASA SMITH
Clerk.
By (s) RUTH R. MITCHELL
Deputy Clerk.
[Seal]